

First trade delegation in four years has three-hour meeting with Milosevic

Bosnia and Belgrade seek to rebuild ties

By Laura Silber in Belgrade

A high-level trade delegation from Bosnia yesterday met their opposite numbers in Belgrade in the first such visit since war began four years ago. Mr Rjup Ganic, Bosnia's vice-president, led a 15-strong delegation of trade officials and senior politicians in a two-day visit aimed at forging economic links with the Serbian regime, widely seen as responsible for fomenting war in former Yugoslavia.

"It is a risky step for me, but a very safe and sure step for Bosnia-Herzegovina," said Mr Ganic, before nearly three hours of talks with President Slobodan Milosevic of Serbia. Diplomats hailed Mr Ganic's mission, which included ministers from the Muslim-Croat Federation and Bosnian businessmen, as an important step towards establishing lasting peace in the Balkans.

The Bosnian visit was aimed at further isolating the Bosnian Serb leadership by establishing direct ties between Belgrade and Sarajevo. It was announced last week by Mr Richard Holbrooke, the US envoy, during a round of shuttle diplomacy primarily focused on ousting Mr Radovan Karadzic, the Bosnian Serb leader wanted for war crimes.

Diplomats said the visit was also intended to step up pressure on Mr Milosevic, who wants to win recognition for Serb-led Yugoslavia and rejoin international financial institutions. "Right now, the country is facing several suits abroad. Milosevic hopes that the visit will help cool off the situation," said a western diplomat.

The two countries are closer than before. It was a business-oriented meeting," Mr Ganic said after talks with Mr Milosevic, adding that the two countries had already recognised each other. In spite of the agreement between the Muslim-led Bosnian government and Serb-led Yugoslavia last November in Dayton to establish diplomatic, trade and communications links, little headway has been made so far.

Under tight security, Mr Ganic's delegation, which included Bosnian banking officials and company managers, also held talks with the Serbian Chamber of Commerce and local businessmen. The two sides discussed restoring air, rail and telephone links. Mr Vlatko Stojilkovic, head of the Serbian Chamber of Commerce, said yesterday: "Serbian companies are ready to participate in the reconstruction of Bosnia."

Cut in German repo rate expected

By Andrew Fisher in Frankfurt

The Bundesbank is expected to cut one of its key interest rates - the securities repurchase (repo) rate - when it holds its last council meeting tomorrow before the summer break.

The latest in a series of hints came yesterday from Mr Ernst Welteke, a council member, who said the Bundesbank would "seriously discuss" whether recent data necessitated a change in policy. If so, this would only concern the repo, he told the Handelsblatt newspaper.

Mr Welteke, president of the Frankfurt-based regional central bank for the state of Hesse, noted that money supply growth had eased and referred to the "not easily understandable" weakening of the dollar. His comments increased the expectation that the bank would allow the repo rate, which determines money market rates, to fall by lowering the present fixed rate tender or switching to a variable rate tender.

Mr Jürgen Pfister, economist at Commerzbank, said: "We believe something will happen on the repo." He pointed to economic uncertainty, nervousness about the stronger D-Mark, low inflation and moderate wage rises as factors that could prompt the Bundesbank to act. Ms Alison Cottrell, economist at PaineWebber International, agreed. "They clearly have to do something."

Mr Peter Lang, economist at Bayerische Vereinsbank, saw a 50-50 chance of a repo cut. "Two weeks ago, I thought it unlikely that this would happen." He said the signs pointing to a further easing in monetary policy had strengthened.

The Bundesbank left the repo rate unchanged when it cut the discount and lombard rates by half a percentage point to 2.5 per cent and 4.5 per cent in April. Mr Hans Thiemeyer, the central bank's president, then said it would see whether there was scope to lower the repo rate further, and repeated this last week.

Economists believe evidence that the economy is stuttering and money supply growth is decelerating has provided scope for a repo cut. Last week, they were surprised at the decline in the Ifo economic research institute's business sentiment index for June. Yesterday, Ifo said the manufacturing component of the index also declined over May.

Slower money supply growth also nourished hopes that the repo rate would decline, initially to 3.20-3.25 per cent and later to 3 per cent. M3's annualised growth rate slipped to 9.6 per cent from 10.5 per cent in May. This is still high, though, compared with the 1996 target range of 4.7 per cent, which the Bundesbank is expected to confirm tomorrow.

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Prime minister Juppé: hard-pressed to find a solution to mass unemployment, 'the gangrene of society'

Juppé steps up push to share out dwindling number of jobs

David Owen on France's search for answer to mass unemployment

If you cannot create enough work for everyone who wants it, then you should share out the work that is available more fairly. That, in essence, is the theory behind the drive to reduce working hours being pursued ever more diligently by the French government of Prime Minister Mr Alain Juppé.

With the number of jobs, at 3.145m, within 11,000 of its highest level ever and important sectors such as defence and financial services continuing to shed labour at a rapid rate, the prime minister is desperate to find a way to bring unemployment substantially down.

It was he, after all, who said in May 1995 that his government would be judged by whether it could reduce "mass unemployment, the gangrene of society". But with government spending under the tightest of reins and the economy stubbornly refusing to pick up, his options are limited. Encouraging companies to cut their normal working time to 32 hours a week is among the approaches he has hit on to generate an improvement.

Earlier this month, Mr Juppé held a job summit with employer and union representatives at which he again urged that the problem be addressed. It is easy to see how the idea of encouraging people to work three or four hours fewer a week to create work for others would appeal to the French sense of *égalité* and *fraternité*. But it is equally easy to appreciate why employers might worry that such a move would impair efficiency.

Indeed, the Patronat, the French employers' federation, describes the government's idea as "a false solution". It argues that countries where people work the longest hours tend often to have low rates of unemployment and suggests that by taking this position the government is accepting that the size of the employment "cake" cannot get any bigger. At the summit this month the prime minister criticised a number of sectors for not yet having started negotiations as they had agreed to do last October.

"This situation does not seem normal to me," he said. "The expectations of our fellow citizens are very strong." Some companies are seeking to turn the situation to their advantage, principally by seeking to tie a reduction in working hours to other objectives. One large company that has gone down the 32-hour-a-week route is Philips Consumer Communications, an arm of the Dutch electronics giant. The group recently decided to make Le Mans, south-west of Paris, its worldwide centre for mobile phone production. Manufacturing capacity at the plant is currently 6,000-7,000 telephones a day.

The company has combined the move to shorter working hours with a switch from a five to a seven-day week. According to Mr Claude Hervouet, the Le Mans plant manager, the revised work plan means that the factory can operate 24 hours a day for about 355 days a year. This is important, he says, because cellular phone manufacturing is a much more capital-intensive activity than making the cordless phones that the factory used to turn out. It is vital not to have expensive machinery standing idle. The re-organisation has resulted in the company taking on 400 employees to add to the 500 already in place. It says about 50 of these new jobs are linked to the reduction in working hours.

Some none of the employees now working 32 hours a week will earn less than they did when working 35 hours a week, the adoption of the shorter working week involves a definite cost for Philips. (In addition, those working Fridays, Saturdays and Sundays will work only 24 hours a week.) But Mr Hervouet outlines a number of ways in which this cost will be offset. First, with the number of hours worked at the factory up by 40 per cent, fewer production lines are needed to reach a given level of output. This cuts down on investment costs, particularly in cases where an increase in factory floorspace would have been necessary to accommodate the additional production lines required under a five-day regime. Second, the productivity of the workforce may improve because they are working fewer hours. Third, Philips may qualify under a new law for a reduction in social security charges. Companies which reduce their working hours by 10 per cent and take on a corresponding proportion of new workers should so qualify. Strictly speaking, Philips's reduction from 35 to 32 hours a week does not quite cross the 10 per cent threshold. But Mr Hervouet is hoping that the old periods when workers are nominally on duty but are not actually at their jobs will be taken into account. "In our case," he says, "the number of effective working hours will go down by more than 10 per cent. If they take into account only the hours when workers are present, rather than the number of effective hours, we get nothing."

Aérospatiale chief moves to rail

By David Owen in Paris

Mr Louis Gallois, head of the French aerospace group Aérospatiale, is to take the reins of SNCF, France's state-owned railway company. His switch to terrestrial transport will fill the gap left by Mr Loik Le Floch-Frigent. The latter resigned as chairman recently following the rejection of his appeal against his detention in jail in connection with an inquiry into investments by Elf Aquitaine, the French oil giant, while he was chairman between 1989 and 1993.

However, the move seems less well timed from the viewpoint of Aérospatiale, whose merger with privately-controlled Dassault into a single aerospace group was confirmed only three weeks ago. Mr Gallois had been expected to assume day-to-day control of a new executive directorate at the merged group. The merger is expected to be completed within six months. His decision earlier this year to throw his weight behind a radical restructuring of Airbus Industrie was also vital to the announcement this month that the four-country European aircraft manufacturing consortium is to be turned into a single company.

The move, which is expected to take three years to complete, is aimed at turning Airbus into a lower-cost, more focused competitor to Boeing of the US. At SNCF, Mr Gallois will inherit responsibility for a sweeping restructuring plan which is intended to provide what Mr Bernard Pons, France's transport minister, has described as "an original French solution" to its problems. The company has run up losses of more than FF350bn (\$7bn) in the past four years. This plan involves the takeover by the state of FF125bn of SNCF's infrastructure-related debt, the scrapping of the company's cumbersome system of five-year plans, and an experiment with regionalisation.

Much attention will focus on whether Mr Gallois can achieve the same sort of rapport with the SNCF's volatile trade unions as Mr Le Floch-Frigent is widely acknowledged to have established in his short six-month stint at the company's helm. Mr Gallois, 52, has spent much of his career at various posts in the ministry of economy and finance and the ministry of industry. He has been chairman and chief executive of Aérospatiale since 1992. Others thought to have been considered for the railway post include Mr Frédéric d'Allest, managing director of Lagardère Group, the missiles-to-magazines conglomerate.

Finance Ministry confident it can meet Emu criteria despite rise to 3.7% of GDP

Dutch brush off fears over budget deficit

By Gordon Gramb in Amsterdam

The Dutch budget deficit rose to at least 3.7 per cent of gross domestic product last year, confounding expectations it would remain at the 3.4 per cent level of the previous year, the government's Central Bureau of Statistics said yesterday. But Finance Ministry officials and the domestic bond market brushed off fears that this could present any severe problem in meeting Maastricht convergence criteria for Euro-pan monetary union. Under these targets, public deficits should be no more than 3 per cent of GDP by 1997.

"When necessary it will be well under 3 per cent," a ministry official said, describing the figures from the independent unit as historical and out of line with its own calculations. "We are going in the right direction," he maintained. "They are scientists, we are more practical types." The ministry expects the deficit as measured by Emu requirements to fall to 2.8 per cent this year and 2.6 per cent at most by 1997. Data for that year will be used to assess eligibility for membership of the single currency group.

According to Mr Mark van der Kroft, bond market economist at ABN Amro Hoare Govett, the upward revision "shows that a lot has to be done, but the market is now more oriented to the 1997 budget" to be unveiled in mid-September. There was a strong enough consensus in the ruling coalition for measures that would achieve the necessary reduction. Greater concern surrounds the level of Dutch public debt, which represented 79.8 per cent of GDP last year, well above a ceiling of 60 per cent for 1997 specified in the Maastricht treaty. "This will be more difficult to achieve," the ministry official acknowledged. European Union leaders have given no clear indication on how flexibly they will choose to interpret the criteria, leaving open the possibility countries could be accepted which breach one or more limits as long as the data indicated a firm trend towards convergence. Dutch official debt is by no means on a distinct downward path, and by some measures may even be rising.

The statistics bureau, presenting its annual set of national accounts, revised GDP growth for last year downward to 2.1 per cent from its previously indicated 2.4 per cent, while growth in 1994 was restated at 3.4 per cent compared with 2.7 per cent. The budget deficit for 1995 would have been as high as 9.2 per cent if special factors had not been removed. The underlying rise was blamed on a decline in revenues from tax and social security levies.

EUROPEAN NEWS DIGEST

IMF loan delay for Moscow

Russian and western officials yesterday sought to play down a decision by the International Monetary Fund to delay the July instalment of the \$20.5bn three-year loan it extended to Russia this year. But the hold-up could be a political embarrassment for the fund, whose senior officials last week praised Russia's economic performance lavishly. The loan to Russia is the second largest in the IMF's history and the fund, which has been criticised for being too soft on Moscow, has in large measure staked its reputation on the success of the Russian programme. Western economists close to the negotiations said the IMF's main concern was plummeting rates of tax collection, which dropped below 8 per cent of gross domestic product last month, and could create a fiscal squeeze. IMF economists, who are scheduled to return to Moscow next month to review the situation, are said to be demanding clear evidence that the government has begun to act on its repeated pledges to boost revenue collection. If the fund is satisfied with Russia's performance during the August review, it could receive both the July and August tranches of the loan, some \$550m each. *Christina Freedland, Moscow*

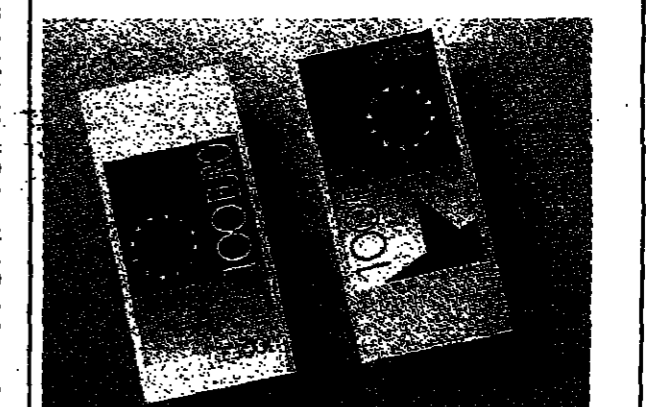
Longer hours urged in Germany

Wage negotiators should agree to extend the working week in an attempt to reduce pay costs, Mr Hans-Peter Stihl, head of the Federation of German Chambers of Commerce, said yesterday. He was speaking at the IW economic research institute said wage costs needed to come down by 20 per cent. "The shortening of working hours in recent years was a serious mistake that urgently needs correcting," Mr Stihl told the daily Bild Zeitung newspaper, saying a 40-hour week would be preferable to the current norm of around 37 hours which unions wish to shorten further. "Shortening the work week while raising wages pushed wage costs up so high that hundreds of thousands of jobs have been lost," he said. Trade unions had to recognise there were only two possible ways of improving Germany as an industrial site - work more or have less money. *Reuter, Bonn*

Brussels steps up actions

The European Commission stepped up action in 1995 against member states who are not applying EU law, according to a report published yesterday. The Commission took 5,068 actions against member states last year compared to 4,802 in 1994. Cases included free movement of people, access to employment, the right of residence, sex discrimination, and the final abolition of the monopoly of port services in Genoa. Denmark has the best record of giving effect to EU directives, with 97.9 per cent. The Netherlands is second with 97.2 per cent, and the UK third with 96 per cent. Spain, Luxembourg, Sweden, Germany, Ireland, France all beat the EU average of 90.7 per cent. Austria (84.2 per cent) suffered because of delays in notifying farm legislation, while Finland's low mark (70.5 per cent) was due to the special autonomous status of the Aland Islands. *Lionel Barber, Brussels*

Euro design prizes awarded



Prizes worth a total of just over Ecu75,000 (\$93,000) were awarded to the best designs for the euro in an unofficial competition aimed at stimulating public awareness in the planned single European currency. The first prize of Ecu30,000 for the design of euro banknotes (pictured above) was awarded to the Barcelona-based team of José María Codina and Jean Fontanals. Andreas Karl of Frankfurt won the Ecu10,000 prize for the design of euro coins. *Lionel Barber*

Turkish hunger striker dies

A second Turkish hunger striker died in an Istanbul prison yesterday, two months after Kurdish and far-left detainees began a mass hunger strike in protest at conditions and harsh treatment in Turkey's prisons. Mr Altan Berdan Kerimoglu died two days after the campaign's first death. Human rights campaigners say about five other prisoners are close to death out of the 300 believed to be on hunger strike. The new Islamist-led government has relaxed some controls, and hundreds of Kurdish prisoners have broken off their strike. But members of leftwing urban guerrilla groups held in 33 prisons vowed to continue their protest. They want the government to stop dispersing them to prisons around the country and to move prisoners out of the notorious Sakrebir jail, known as "the coffin house". Security officials claim the prisoners had transformed Turkey's main jails into no-go areas and were even training there. Yesterday, the French government urged Turkey to improve prisons conditions and end the hunger strike. *John Bartham, Ankara*

Novartis to cut 7,400 jobs

Novartis, to be created from the planned merger of Ciba Geigy and Sandoz, the Swiss pharmaceutical companies, said yesterday it would cut 10 per cent of its 7,400-strong German workforce. The new company said production in Nuremberg, where Sandoz has its headquarters, would be shut down and business switched to other sites. A Munich-based production plant would also be closed by the end of 1998. Wehr, Ciba-Geigy's headquarters, would become the headquarters for the combined operations. *Reuter, Wehr*

Slovak trade deficit widens

Slovakia's foreign trade deficit in the 1996 first half widened to Sk26.975bn (\$600m) from Sk25.630bn during the first five months, spurred mainly by rises in imports of vehicles, fossil fuels and electric energy, the Slovak Statistical Bureau (SUSR) said yesterday. Exports growth was also sluggish. June's contribution to the overall deficit was Sk1.344bn, down from a May gain of SK4.044bn. Exports grew 2.1 per cent year-on-year in the first half, but imports jumped 23.6 per cent. According to the SUSR, fossil fuels and mineral oils made up Sk2.2bn of overall imports of Sk15.6bn. Slovakia's most exported commodities in the first half were iron and rolled steel, accounting for Sk1.28bn of total exports of SK127.59bn. The Czech Republic remained Slovakia's biggest trading partner, accounting for 22.1 per cent of exports and 25.5 per cent of imports. Germany followed with a 20.2 per cent of total exports, and Austria was third with 5.9 per cent. *Reuter, Bratislava*

مكتبات الامم

Georgia charm tests the bravest



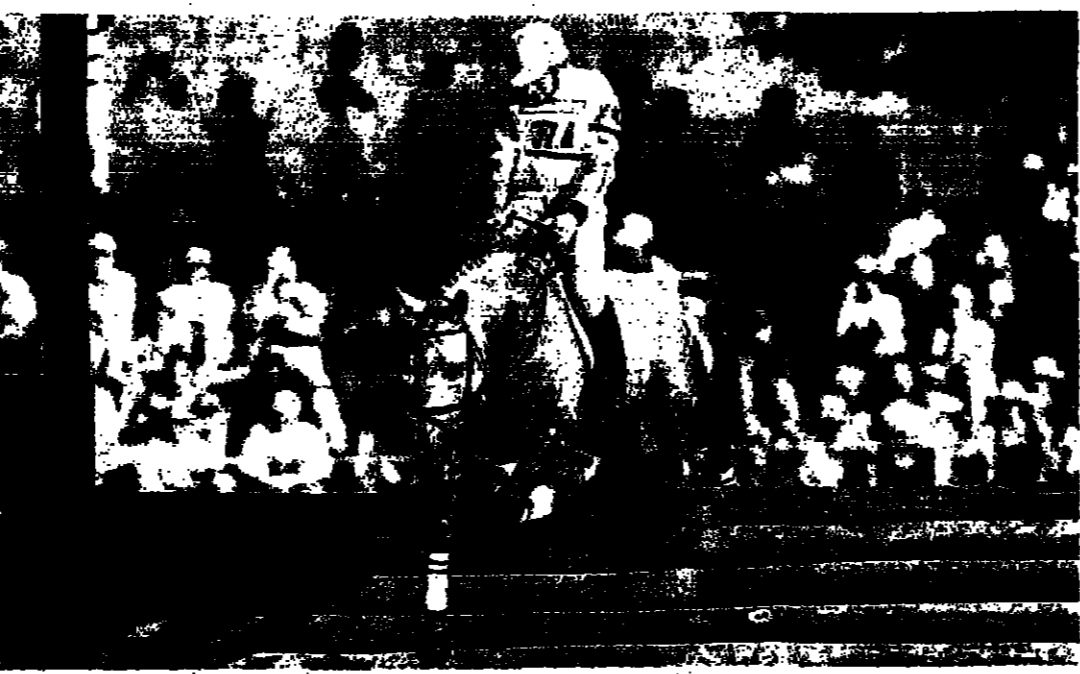
Atlanta's cross-country equestrian course, designed to epitomise the charms of rural Georgia, proved a harsh judge of visiting horses and riders on the second day of the Olympic three-day competition. Only the bravest and most capable riders scored well, with countless falls and retirements. If the course was cruel, the weather was kind. Protests that heat and humidity might kill or cripple the horses were wide of the mark as the weather proved mild.

Veteran equestrians at the start of the cross-country phase, with 80 veteran riders on duty to look after 64 competitors. Expecting high temperatures, the venue includes giant "car washes" to cool down overheated animals. Hangars left tall are covered with shade-cloth and have banks of fans spraying chilly water on the horses.

Australia, perhaps used to any hot weather, seized the lead, moving up from sixth after the dressage to displace the US at the head of the table. Britain's medal hopes dimmed after a drop from second to fourth, while New Zealand waits for today's showjumping phase, still third.

Wendy Schaeffer led Australia's charge, with the fastest time of the early group, riding Sunburst bravely and quickly on duty to the demanding course.

As she limped towards the weighing room, the extent of



British Ian Stark, who was catapulted from Stanwick Ghost, at the 13th obstacle.

Schaeffer's courage was vividly displayed. She broke her leg and had a steel plate inserted nine weeks ago.

Forty-five minutes later, her fellow countryman Phillip Dutton clipped two seconds off her time, followed by veteran Andrew Hoy, riding at his fourth Games, who provided the confident ride needed for Australia to take the lead.

Rydh Tait had been the first competitor out on to a dewy cross-country course and proved a true pacemaker. The New Zealand three-day-eventer rode faultlessly to set a standard few of the 60 riders could match.

Team-mate Andrew Nicholson on Jagmeister II failed to comment the Kiwi team's move from overnight third to event leaders after a refusal at the second water-jump.

Ian Stark, Britain's senior rider, was catapulted from the saddle at the Costley's Mill, the 18th obstacle on the 25-jump course, when his mount Stanwick Ghost caught his left foreleg on the bank of the pond. Wrongfooted, the grey gelding was out of his stride and crashed

Reaching the event is an event in itself

My first encounter with southern hospitality at the Centennial Olympics came at the airport, where I was met by a bus driver with a smile and a map. The map was of Atlanta. But he was from Chicago.

Like many of the bus drivers who are shuttling spectators and media around the various Olympic venues, he was an out-of-town worker who had come to Atlanta specially for the Games.

He was courteous, but did not have a clue where he was going. He had four hotels to visit on his round trip, and had to ask directions every time.

It took me three hours for a trip which should have taken one, at the most.

He said he had not received very much instruction in getting round town, but had been handed the map and told to go ahead with his job. When he finally delivered me to my hotel, he was apologetic.

"I guess I'll learn the routes as I go on," he told me.

But many of the drivers still have not got the hang of driving round this congested city. One driver is reported to have abandoned her journey to Lake Lanier, venue of the canoeing, and turned back in tears.

Staff at the Media Transportation Centre, while unfailingly courteous, are beginning to show signs of wear because of the constant hassling from journalists.

One of the volunteers at the centre, whom I talk to during my long waits, said she had offered herself for work "to meet people from all over the world".

Her most meaningful cultural exchange so far came when she had to listen to "a whole load of cussin'" from some French journalists.

She reads from a pocket Bible in between buses, and wears a badge that says: "Let the Scriptures Speak", but that does not stem the flow of sharp words.

Perhaps the most apt words of all come from Texaco's precent advertising campaign on US television, which ends with the slogan: "Getting the athletes to the events is an event in itself".

Atlanta's city planners do not look set for a medal right now.

ATLANTA DIGEST HDTV sales surge after Japan victory

The surprise victory of the Japanese Olympic soccer team over world champions Brazil, combined with 269 hours of high-resolution Olympic broadcasting scheduled by Japan Broadcasting Corp, have helped boost sales of high-definition TVs, industry officials said yesterday. "Although sales were mediocre at the outset of the games, when Japanese athletes had been doing poorly, we have seen sales shoot up suddenly after Japan defeated Brazil," said an official at a Tokyo electrical appliance store. The high quality, wide screen TVs sell for ¥400,000 (\$3,700) for a 26in set. *Kyodo*

Armed intruder charged

A man armed with a knife and a pistol talked his way past security guards and entered the Olympics opening ceremony before being caught, Atlanta police revealed yesterday. Police said 55-year-old Mr Roland Atkins was arrested after duping security guards and entering the arena where President Bill Clinton and his family were joined by a large number of world leaders and VIPs for the ceremony. The man was carrying a .45 calibre pistol, 11 rounds of ammunition and a knife at the time of his arrest. He was charged with criminal trespass, carrying a pistol without a licence, and entering the stadium without a ticket. *PA*

Space age swimwear goes for gold

Swimming looks like a sport with little margin for technological improvement, but millions of dollars are invested in "waterwear technology" to help athletes cut hundredths of a second off race times. Speedo, one leading manufacturer, claims it has come up with its latest swimsuit. The secret is in its stripes, alternatively smooth and rough. The rough side is coated with water-repellant resin. Water passes over the stripes at different speeds, helping to cut turbulence and drag. The technology is a spin-off from the US space programme, after NASA found re-entry into the atmosphere was less turbulent if the space shuttle nosecone was rough. *Reuters*

Men's singles, first round: M Rosset (Switzerland) beat H Arzi (Morocco) 6-2 6-3, T Henman (Great Britain) beat S Matsushita (Japan) 7-6 (7-4) 6-3, A Gaudenzi (Italy) beat C Costa (Spain) 6-3 6-2.

Women's singles, first round: A Sanchez-Vicario (Spain) beat D Van Roost (Belgium) 6-1 7-5, M Maleeva (Bulgaria) beat R Stubbs (Australia) 6-2 6-1, J Wiesner (Austria) beat A Temesvari (Hungary) 7-6 (7-5) 6-4.

Equestrian

Placings after day two of three-day team event: 1 Australia 183.6, 2 US 244.6, 3 New Zealand 255.8, 4 France, 5 Ireland, 6 Great Britain (places 4-6 provisional)

Shooting

Men's 50-metre free pistol final: 1 B Kokorev (Russia) 668.4, 2 I Basinski (Belarus) 662.0, 3 R Di Donna (Italy) 661.8.

Hockey

Men's preliminary round, group B: Netherlands 2, Great Britain 2. Women's preliminary round: US 3, South Korea 2.

A dearth of medals and hospitality

China, it seems, is having difficulty taking a trick at the Olympics, with its swimmers largely absent from the winners' rostrum and a star marksman blacking out with a gold medal within his grasp.

China's own media reporting of the country's Olympics performance has been less than triumphalist, reflecting disappointment that things have not gone better.

But Chinese officials and newspaper commentators have not been so reticent in their criticism of the US over what is perceived as its lack of hospitality - China's team was jeered into the Olympic stadium for the opening ceremony.

Wei Jihong, China's Olympic committee chief, has written a

stern letter about the Games' organisation to the International Olympic Committee, and he is unhappy at the IOC's reply that they are looking into it. "We are losing patience," he stormed.

Strong objections have also been voiced over what is regarded as an unfair singling out of Chinese athletes on suspicion of using performance-enhancing drugs. "After such unjust treatment inflicted by their hosts, the Chinese delegation cannot but ask when the Americans will get rid of their hegemonic mentality. We must ask what these jealous westerners have in mind," said the People's Liberation Army Daily.

The newspaper, which is the mouthpiece of China's three-million

strong military, also complained bitterly about what it claimed were double standards in the treatment of athletes who tested positive for drugs, but managed to avoid exclusion from the games.

"Looking at the foreign athletes who tested positive but were not punished, we can see that even in the minutiae the phantom of racism rides high," PLA Daily said.

Chinese papers have been silent, however, on the question of why China's much-vaunted women's swimming team has performed so poorly. At the world swimming championships in 1994 China won nine of 18 championship medals, but in Atlanta has only managed one gold medal so far.

One excuse advanced by a Chi-

nese coach on the eve of the swimming competition was that swimmers had been woken by hoarse night-time fire alarms, which affected their performances. The Chinese have also been complaining about the Atlanta heat - and food. It seems the Chinese food is not up to standard.

"Athletes need to take mini-trolleys from their room to the dining room, and no real Chinese food is served," complained a sports coach to China Daily. China is clearly hoping for better things from its star table tennis and badminton players, its divers and Wang Junxia, its freakish woman distance runner.

Keith Wheatley

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NEWS: ASIA-PACIFIC

Economic planning chief has secured backing for startling plan to deregulate tightly controlled Japanese economy

Top economist tries to overturn decades of Tokyo tradition

By William Dawkins in Tokyo

Many Japanese believe radical economic deregulation is needed to boost their maturing economy's capacity to grow, but it is hard to find anyone who also believes that such a thing is possible.

There is one startling exception: Mr Shusei Tanaka, an academic who is director general of the government's Economic Planning Agency, the equivalent of minister of economic planning.

Three weeks ago he startled the bureaucracy, which feels understandably reluctant to shed the most extensive regulatory powers of any government of an advanced economy, by issuing what is by Japanese standards a radical deregulation plan. It calls for simultaneous lifting of government controls in six sectors: computers and telecommunications; distribution; finance; housing and property development; employment; medical care; and welfare.

Even more startling, Mr Tanaka, a member of the smallest party in the three-party government coalition, then obtained the conservative ruling Liberal Democratic Party's support for the scheme. Most



Mr Tanaka's targets for deregulation

Economic reform is like a surgical operation. You need physical strength to receive it. Otherwise, if you catch a cold, you may die.

Computers and telecommunications
Distribution
Finance
Housing and property development
Employment
Medical care and welfare

political observers believe the plan will like many earlier schemes, be diluted by the flood of opposition from vested interests.

Undeterred, Mr Tanaka argues that his time has come. He knows the field of battle well, as adviser on deregulation to four governments

over the past three years, and is a keen political tactician. Much has changed since Mr Tanaka drew up his first deregulation plans under former prime minister Morihiro Hosokawa three years ago, the first non-LDP Japanese leader in nearly four decades. Mr Hosokawa was elected on a

mandate for change. But the domestic economy was in the trough of the worst recession in 60 years, so the need to stimulate activity with heavy injections of state investment came first.

"Economic reform is like a surgical operation. You need physical strength to receive it.

Otherwise, if you catch a cold, you may die. Over the past three years, we have accumulated the basic strength required to face economic reform," says Mr Tanaka. If Japan delays now, during the recovery, it might miss the chance, he warns.

Persuading bureaucrats.

His political contacts include Warren Christopher, US secretary of state, yesterday urged Asian countries to help finance a nuclear agreement with North Korea that is suffering from funding problems.

"Measured against the cost of heightened tensions, let alone armed conflict, such support is a responsible investment in the security and prosperity of the Asia-Pacific region," Mr Christopher told the Association of South East Asian Nations (Asean) regional security forum in Jakarta.

Under a 1994 US-North Korean agreement, Washington agreed to supply new nuclear reactors and energy supplies in return for Pyongyang scrapping its suspected nuclear weapons programme.

Mr Stephen Bosworth, head of the Korean Peninsula Energy Development Organisation (KEDO), the international consortium responsible for the North Korean nuclear reactor project, arrived in Seoul to discuss cost-sharing for the reactors.

South Korea's Korea Electric Power, the project's prime contractor, estimates building the two light-water nuclear reactors will cost \$5bn.

South Korea is expected to offer \$5bn, while Japan will provide another \$1bn. This leaves a \$1bn shortfall which KEDO hopes will be filled by the European Union and Asian countries. The US is leading the KEDO project, but has only pledged a "symbolic amount".

He said that the move displayed a lack of trust by London and Paris in the abilities of the EU and added that, if the two countries' memberships were approved, it could dilute the EU's importance within the Asean Regional Forum and create confusion.

"This certainly creates frictions," the official said.

Mr Ali Alatas, Indonesia's foreign minister and chairman of forum this year, confirmed that formal applications from the UK and France had been received.

He said the applications, for participation alongside the EU, would be considered at future forum meetings.

Two senior Asean officials said that under new guidelines announced yesterday the UK and France would be more fitting as forum members than the EU.

The guidelines state that members must be sovereign states and should have a clear relevance to Asean on security matters. The UK and France are both nuclear powers and permanent members of the United Nations Security Council.

Separately, Mr Warren Christopher, US secretary of state, urged Asian nations to encourage political pluralism in Burma and warned that a failure to do so could raise "the chances of instability, bloodshed and migration within Burma and across its borders".

The US, along with Japan and the EU, are concerned at the detention of pro-democracy activists and restrictions imposed by Rangoon's military rulers on advocates of political reform.

Mr Ohn Gyaw, Burma's foreign minister, told the Asean Regional Forum of the country's plans for political change.

He failed to announce any conciliatory political initiatives, but diplomats said they hoped pressure from western and Asian foreign ministers might help change Rangoon's outlook.

Japan's economy is continuing to grow at a moderate pace and is showing better prospects for a self-sustained recovery, the Bank of Japan said yesterday in its quarterly economic outlook report, reports Michio Nakamoto from Tokyo.

The central bank once again stressed the need to maintain a policy focused on laying a more solid foundation for recovery, seeming to allay widespread market fears of an imminent hike in the official discount rate.

One of the reasons for Monday's sharp fall on the Tokyo stock exchange was fear that the BOJ would soon raise interest rates, but yesterday's report helped push the index up 158 points to 21,163.

Mr Shunsaku Hashimoto, chairman of the Federation of Bankers Associations of Japan, said yesterday that corporate fund demand for capital investment remained sluggish and would have to grow further to keep the recovery on track. Without further progress in investment, it was far from certain interest rates would go up, he said.

Meanwhile, leading indicators reported by the Economic Planning Agency, confirmed the modest pace of the recovery.

The coincident index of economic indicators, which gauges the current economic state, rose slightly in May and stayed below the key 50 per cent line for the third month in a row, the EPA reported.

The diffusion index of leading economic indicators, which predicts economic conditions in six months, however stayed above the 50 per cent line for the second month in a row, at 68.7 per cent, suggesting a pick-up in the near term.

businesses and voters of the need to deregulate is, however, another matter. Contrary to the conventional wisdom that people lose interest in reform when the economy is recovering, Mr Tanaka believes the popular taste for change is growing.

US call to help back Korean N-pact

By John Burton in Seoul



Takanohana: tax problems

EU angry at UK, France on Asean move

By James Kyngye in Jakarta

Tax shadow over 'holy' sumo

A fresh shadow was cast over the holy image of sumo, the Japanese national sport, yesterday when tax authorities ordered the country's top wrestler, Takanohana, and his family to hand over ¥125.7m (\$1.1m) in unpaid taxes and fines.

This is the first time that a yokozuna (grand champion), normally afforded semi-sacred status, has fallen foul of the tax law in the history of Japan's national sport, whose origins go back to the roots of the Shinto religion itself.

The ruling came after an investigation by the Tokyo regional taxation bureau found that Takanohana, the grand champion, his elder brother Wakanohana, another star wrestler, and their father, Futagoyama, had failed to report nearly ¥300m cash income in the three years to 1995. Of the total, Futagoyama was said to have failed to report ¥300m.

This strikes at the heart of

sumo at a time when the sport's reputation has been sullied by allegations of match rigging, mixing with gangsters, sexual misdemeanours and dope smoking.

Sumo wrestlers have long been known to handle cash more loosely than they handle opponents, but this is the first time the authorities have struck at the very top.

Last weekend, Takanohana won his 14th tournament, an achievement betted by only four wrestlers, and he is one of the only two yokozuna currently active. Fighters from the same stable have won each of the past eight tournaments, one of the best post-war scores of any stable.

In an attempt to maintain the dignity of their profession, the wrestlers yesterday assumed an air of bruised innocence. "I was shown by national tax authorities how to pay my taxes correctly and I will follow their recommendations," said Takanohana. His

father, who will pay the lion's share of the fines, said the affair was "beyond my knowledge and experience".

Takanohana and his brother, who fights one rank below him, were between them ordered to repay ¥40m in back taxes and their father ¥86m.

William Dawkins on the scandal in the country's national sport

The tax authorities found Takanohana had neglected to report a payment from a television network for the exclusive right to broadcast his wedding last year to Keiko Kono, a newscaster.

Wakanohana had overlooked ¥9.5m in sundry cash hand-outs. Fans are prepared to pay hundreds of thousands of yen for the privilege of taking a wrestler out to dinner, or

being photographed with him.

Futagoyama had failed to report the donation by his fan club of senior politicians and businessmen of a ¥300m share in the Japan Sumo Association (JSA).

A book, Match Rigging, recently published by a retired wrestler, Ohnaruto, speculates that the intense competition to become a JSA shareholder has contributed to an increase in match rigging. He wrote that wrestlers are prepared to pay up to ¥600,000 to buy a colleague's defeat, to avoid demotion and a pay cut.

Ohnaruto died in April, in the same hospital and within three hours of his manager. Later, the JSA issued criminal libel charges against his publisher and a magazine which had printed a series of articles by Ohnaruto. But by then, the damage had been done. Sumo experts in Tokyo believe the book had attracted the tax authorities' attention, leading to yesterday's fines.

NORTHERN ROCK BUILDING SOCIETY

Highlights of the Interim Report for 6 months ended 30th June 1996

- Assets now £12.9 billion - up by 12% compared with 31 December 1995.
- Pre tax profits up to £86 million - an increase of 16% compared with the 6 month period ended 30 June 1995.
- Net lending of £1.2 billion - an increase of 7% compared with the 6 month period ended 30 June 1995. This represents a market share of around 16% of the UK mortgage market.
- Reduction in Administrative Expense to Income Ratio to 31.5% compared with 32.5% for the 6 month period ended 30 June 1995.
- Reduction in Administrative Expense Ratio to 0.74 compared with 0.77 per £100 of net assets for the 6 month period ended 30 June 1995.
- Arrears cases of one month and over reduced by 22% compared with arrears at 30 June 1995.

	6 months to 30 June 96	6 months to 30 June 95	12 months to 31 December 95
Net lending	1,204	1,124	1,092
Net assets	12,900	11,514	11,514
Pre tax profits	86	74	74
Administrative expenses	40	39	39
Administrative expense to income ratio	31.5%	32.5%	32.5%
Administrative expense to net assets ratio	0.74	0.77	0.77
Arrears cases of one month and over	22%	28%	28%

Statement from the Managing Director

"Northern Rock has had an outstanding half year. Record gross lending of over £1.6 billion plus a strong increase in market shares for both lending and savings, accompanied by a further reduction in cost ratios, mean that we remain on course for another year of profitable growth. All this was achieved against a background of solid progress towards the Society's plans for conversion to plc status."

CHRISTOPHER SHARP
Managing Director

NORTHERN ROCK

Northern Rock Building Society - Principal Office: Northern Rock House, Gosforth, Newcastle upon Tyne NE3 4PL.

ASIA-PACIFIC NEWS DIGEST

Sri Lanka army set for attack

The Sri Lankan army massed new troops on a northern beach yesterday to prepare for an assault on a military base in eastern Sri Lanka where Tamil rebels claim to have destroyed the entire 1,200-man garrison.

The rebel attack, launched last Thursday, was in its sixth day, with at least 700 combatants killed on both sides. The rebels have started destroying military structures at the base, once the township of Mullaitivu, 170 miles north of the capital, Colombo.

Military officials said it seemed the rebels - marking the 13th anniversary of their separatist war with Colombo - had overrun the base. The two sides gave conflicting casualty reports, the rebels claiming 1,208 soldiers and 241 guerrillas killed, while the military said 300 soldiers and 400 rebels had died. Seven people, including five soldiers, were killed as violence continued in north-east Sri Lanka, the defence ministry said.

AP-DI, Colombo

Australia public servants strike

Some 65,000 public servants in Australia go on strike tomorrow in protest at planned federal government spending cuts. The 24-hour stoppage was endorsed at union meetings across Australia yesterday, and is likely to disrupt services ranging from airport customs to unemployment offices. The Community and Public Sector Union has warned 15,000 jobs could be axed as the conservative coalition government tries to cut A\$8bn (\$6.3bn) from federal spending over the 1996-97 and 1997-98 financial years.

Meanwhile, coalminers started a national strike yesterday after eight members of the Construction, Forestry, Mining and Energy Union picketing the Vickers coal mine in New South Wales were arrested. The mine is owned by RTZ-CRA, the Anglo-Australian mining group, and miners there have been on strike since last August. In protest at company plans for 12-hour shifts and other changes to employment conditions. The union said mineworkers would remain on strike nationally for at least 48 hours.

Nikki Tate, Sydney

New Zealand First support falls

Support for the New Zealand First party, main rival to the governing National Party, has fallen dramatically, according to latest opinion polls. NZF fell five points to 20 per cent; personal support for Mr Winston Peters, NZF leader, fell eight points to 19 per cent, ending a period where NZF looked likely to replace the Labour party as the main opposition party.

The latest surveys suggest National is steady on 43 per cent, while Prime Minister Jim Bolger saw his personal popularity rise seven points to 27 per cent. Labour rose three points to 19 per cent. The election is due in October. *Terry Hall, Wellington*

Japan food epidemic kills two

Japan's food poisoning epidemic worsened yesterday when two people died from a bacterial infection that has made thousands sick. A 10-year-old schoolgirl and an 85-year-old woman were the first fatalities of the outbreak which started in the west Japanese town of Sakai 12 days ago.

Their deaths bring to seven those who have died from the germ in Japan this year. Since May, more than 5,000 have come down with severe fever after contracting the O-157 colon germ from food.

Reuter, Osaka

This announcement appears as a matter of record only

IPC Corporation Ltd, Singapore

has acquired 14% of the share capital of

Hagenuk Telecom GmbH, Kiel

The undersigned acted as exclusive financial adviser to IPC Corporation Ltd

DEUTSCHE HANDELSBANK AG
CREDIT LYONNAIS GROUP

July 1996

مكتبة الامم المتحدة

السوق المالية

Rand under fire as union troubles grow

By Roger Matthews in Johannesburg

The South African rand came under renewed pressure yesterday as the government and unions continued their public row over economic policy and as the first national textiles strike was about to begin.

The currency lost more than R0.04 against the dollar in the first hour, but traders said the fall was influenced by reports that the Reserve Bank's exposure on forward dollar sales had more than doubled in the past four months.

Mr Trevor Manuel, the finance minister, yesterday dismissed accusations from the biggest trade union federation that his economic policies were "a certain recipe for disaster".

Mr Sam Shilowa, general secretary of the Congress of South African Trade Unions (Cosatu), said on Monday that the document's emphasis on cutting the budget deficit, removing exchange controls, and privatising state companies, was contrary to the policies of the ruling African National Congress.

The clothing and textile workers union yesterday announced that its 22,000 members would begin an indefinite strike tomorrow.

President Nelson Mandela was also drawn into labour disputes yesterday after more than 2,000 striking miners camped all night outside the Union Buildings in Pretoria.

Israel eases the blockade, but not the pain

Palestinians are still frustrated by the age limit, writes Ilene Prusher



A soldier uses a bar code reader to check a Palestinian's identity at the Erez checkpoint where Israeli work permits are issued.

It is 5pm at the Erez checkpoint between Israel and the self-ruled Gaza Strip. Middle-aged and older Palestinian labourers wait in a queue to be admitted to Gaza after a day's work in Israel.

Most of their sons are at home. With Israel's blockade on the West Bank and the Gaza Strip, the middle-aged men trek to factories and farms while the youngest and most able-bodied stay at home.

This is why few Palestinians cheered when Mr Benjamin Netanyahu, Israel's new, right-wing prime minister, announced that he would allow another 10,000 Palestinian workers into Israel as of last weekend.

Shuki Muntaz Sawafri, for one, was hoping to be allowed into Israel to seek manual jobs, such as home renovation. But he and another brother in his 20s, both unmarried, are still at home with their family of 11.

"It is like to have the chance to work," said Mr Sawafri, a supporter of Mr Yasser Arafat, president of the Palestinian Authority. "I am very sad to hear that Netanyahu defined

the age, because it's just making things worse for me," complained Mr Sawafri, who said his father was not well enough to work.

Israel clamped a tight blockade on the Gaza Strip and the West Bank after a series of Moslem suicide bombings in February and March killed 59 people in Israel. Under the easing of the closure - which Israelis call a security measure and Palestinians call collective punishment - only older, married workers are allowed to enter. The profile of an Islamic

fundamentalist on a mission to martyrdom, it seems, is a young, single man with little to lose.

According to the Palestine Economic Pulse, a bi-monthly research magazine, during periods of full closure Palestinians lost \$14.7m a week in income. Mr Faisal Hussein, the leading PLO official in Jerusalem, said the total figure was about \$4m to \$5m a day if lost income to businesses and corporations was counted.

Mr Hussein said that an additional 10,000 workers were

PLO officials say Palestinians are losing about \$4m to \$5m a day

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ians say 150,000 when counting illegal labourers - who used to work in Israel. During the past two years and increasingly so in the past six months, Israel has brought in foreign workers from places as diverse as Thailand, Romania and Ghana.

Indeed, easing the closure is one of the few moves he is able to make to please Arab leaders without backing away from his campaign stance against the land-for-peace formula.

Controlled Japanese economy
Tokyo traditional

EU angry at UK, France
Asean move

Crude steel making in North and Asia

Country	1995	1996	1997
Canada	2,500	2,500	2,500
Total North	12,500	12,500	12,500
South Korea	6,200	4,000	6,000
Taiwan	2,500	2,500	2,500
China	3,000	3,000	7,500
Total Asia	11,700	9,500	16,500

UN warns of big world steel glut

By Frances Williams in Geneva

The world is heading for a glut of crude steel capacity in the next few years, as output threatens to outstrip demand, according to the United Nations Economic Commission for Europe.

In its annual review of the global steel market, the ECE estimates that about 76m tonnes of new crude steel-making capacity will come on stream in North America and Asia between 1995 and 1999.

Of the total new capacity, about 18m tonnes will be in North America, all of it using new electric arc furnace technology, and 58m tonnes in Asia, of which 38m tonnes will use electric arc furnaces.

These ambitious plans have been spurred by the success of new technologies in steel production and continuing robust growth in steel demand, the ECE says. However, the only region in the world where steel demand is increasing strongly

is Asia, which is unlikely to be able to absorb the predicted increase in supply.

"Furthermore, there are still many expansion plans to go into effect after 1999-2000," the ECE says, noting that the new capacity planned for North America will halve US imports from their current level. "Fears of oversupply are likely to be realised."

China's future demand for steel will be one of the determining factors, according to the review. Chinese steel consumption stagnated between 1985 and 1990 but then rose 11 per cent a year between 1990 and 1995.

However, the increase has not been smooth. It was 82m tonnes in 1988, 122m tonnes in 1989 and 96m tonnes in 1995. In years when China's steel use drops there could be massive overcapacity, the ECE warns.

Growth of steel demand is slowing in South Korea and Taiwan, while steel consumption will continue to rise rapidly among members of the Association of South East Asian Nations (Assan).

UN code on crime against mankind

By Frances Williams

International legal experts have put the finishing touches to a draft code of crimes "against the peace and security of mankind" under which individuals responsible for the most heinous crimes under international law would be subject to international jurisdiction and punishment.

The five crimes defined by the code are aggression, genocide, crimes against humanity, war crimes, and crimes against United Nations personnel.

The draft code, which now goes to the United Nations General Assembly for decision, is the product of 15 years' work by the International Law Commission comprising 34 independent legal experts.

Plans for such a code were originally floated in 1949, after the Nuremberg war crimes trials, but the onset of the cold war halted progress.

Prof Ahmed Mahiou, chairman of the commission, yesterday said that recent humanitarian calamities in Bosnia and Rwanda had increased recogni-

tion by the world community that a code of this kind was necessary.

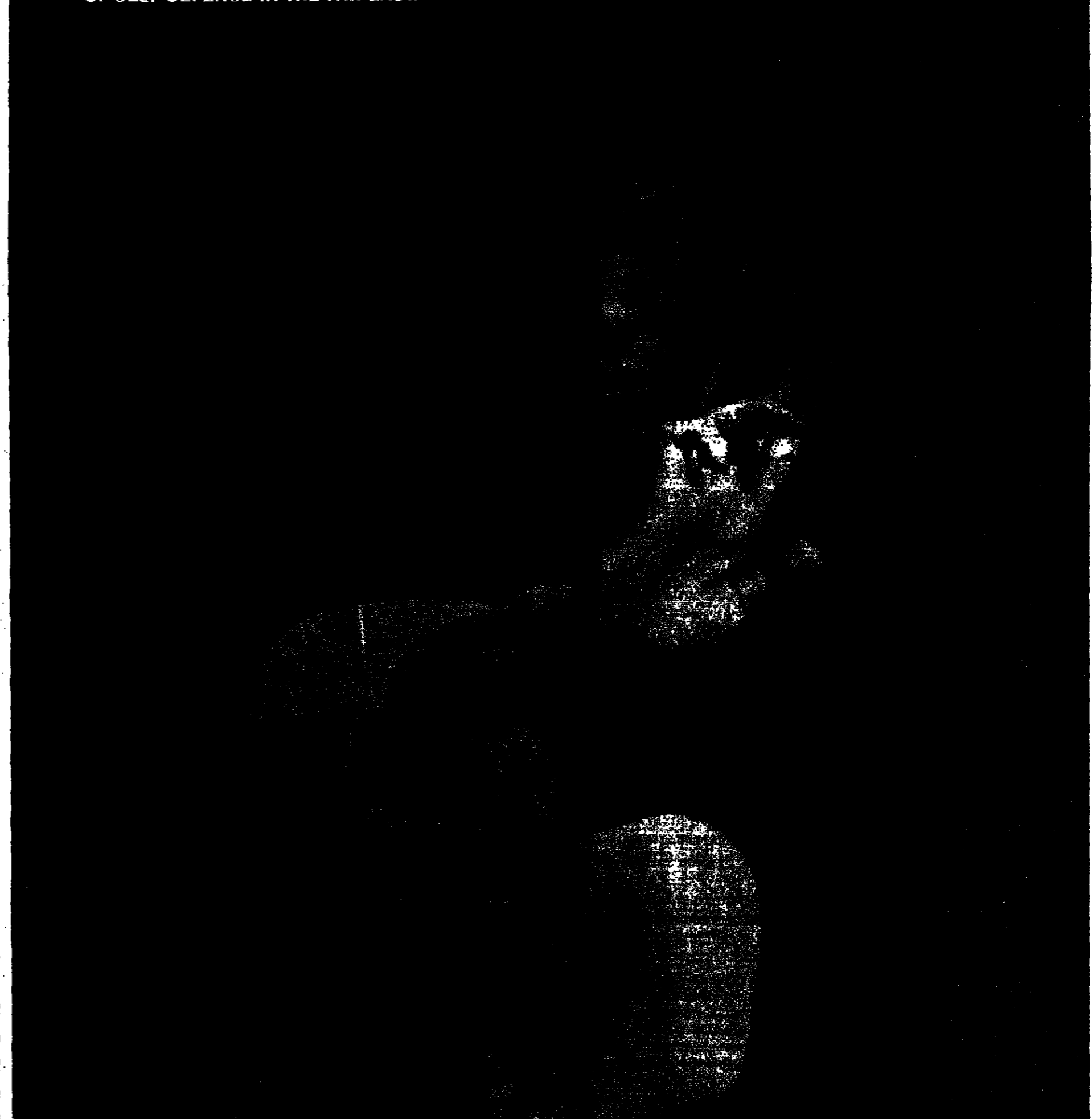
The commission had selected to include in the code only those crimes that were already enshrined in existing statutes and conventions, accepted in principle by all countries, he said.

Individuals charged with crimes under the code could be tried in national courts, or by ad hoc international tribunals such as those for the former Yugoslavia and Rwanda, or by a permanent international criminal court, recommended by the commission and now under consideration by the UN.

Prof Mahiou said a permanent court would ensure that the perpetrators of crimes committed anywhere in the world could be brought to justice, with the court acting as a backstop where national governments were unwilling or unable to prosecute themselves.

For crimes of aggression, a permanent court was essential since national judicial systems might not be impartial.

TAEKWONDO, AIKIDO, JUJITSU, SHOTOKAN AND GUARDIAN ROYAL EXCHANGE. THEY'RE THE MOST POPULAR FORMS OF SELF-DEFENCE IN THE FAR EAST.



Industry are feeling the benefits of our worldwide expertise. As well as the numerous life, motor, and home insurance customers. As a multinational company which manages assets of over £18 billion, we're a force to be reckoned with, even without Karate chops and flying drop kicks. BETTER INSURANCE FOR THE WORLDLY WISE. Guardian Royal Exchange Group

Trafalgar to manage Georgia pipeline

By Robert Corzine and Bruce Clark

The main consortium drilling for oil off the coast of Azerbaijan has named John Brown Engineers and Constructors, part of the Trafalgar House conglomerate recently taken over by Norway's Kvaerner group, as lead manager in a \$275m project to build a pipeline across Georgia.

The decision by the Azerbaijan International Operating Consortium is the first in a series of construction and supply contracts to be awarded between now and December. Improving prospects for the early completion of the Georgian pipeline, which will take two years, have been welcomed by President Eduard Shevardnadze, who is struggling to stabilise his country's turbulent western regions.

Georgian politicians have in recent days threatened to order Russian peacekeepers out of the former war zone of Abkhazia, which lies to the north of the pipeline route. However talks on a peaceful resolution of Abkhazia's future resumed in Moscow this week.

The Georgians want Russia to help them resettle ethnic Georgian refugees in Abkhazia as opposed to simply patrolling the former battle lines. John Brown has agreed to use a large number of Azerbaijani and Georgian workers in its project, which is one of two pipelines that will carry early oil output from the three offshore fields in the Caspian Sea being developed by the AIOC.

Work on a northern route through Russia is already under way and is due to be completed by the end of the year.

The contract covers the refurbishment of an existing oil pipeline linking Baku with the Georgian Black Sea coast, as well as the installation of new pipeline sections, pumping stations and control and communications systems.

Other companies taking part include Baku Kvaerner Kenny, Tbilisi John Brown Kvaerner and Kvaerner Engineering.

Doubts grow over Europe's leadership of space launch industry

Ariane 5 rocket faces more delay

By David Owen in Paris

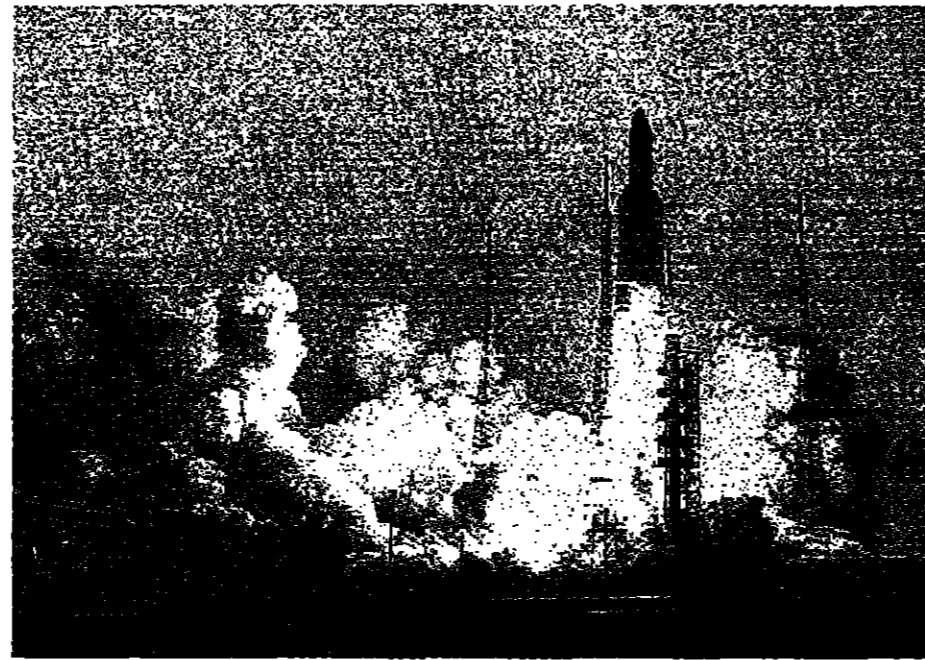
The European Space Agency yesterday confirmed that the first commercial flight of the new Ariane 5 rocket, whose maiden flight was aborted last month, will not take place until well into next year.

Mr Jean-Marie Luton, director-general, told a Paris press conference the launch of the second Ariane 5 was likely to be postponed until "the middle of the first half" of next year.

He said no decision had been made on whether even the third Ariane 5 flight would have a commercial payload, let alone the second. Arianespace, the France-based 53-company consortium charged with marketing Ariane rockets, had originally planned a first commercial flight in January.

This new setback to Europe's hopes of retaining long-term leadership of the \$3bn-a-year commercial space transport industry emerged as software errors in the rocket's guidance system were officially blamed for the failure of the first Ariane 5 flight in June.

The rocket, the largest built in western Europe, was blown



DOOMED: The Ariane 5 blasts off seconds before the fateful error

up by the command centre after it veered off course less than 40 seconds into its maiden flight from the Kourou space centre in French Guiana. The

launch cost an estimated \$500m and rained flaming debris over a wide area. The report of the independent inquiry board into the

failure, published yesterday, concluded it was caused by the "complete loss of guidance and attitude information... due to specification and design errors

in the software of the inertial reference system".

It said tests carried out during the rocket's development programme "did not include adequate analysis and testing of the inertial reference system or of the complete flight control system which could have detected the potential failure".

The inquiry panel made 14 recommendations to avoid a repetition of the failure. These included a critical reappraisal of all software, a review of the mechanisms for managing the failure of more than one component and better overall software co-ordination.

Mr Luton - who faced hostile questioning from journalists on why certain precautions had not been taken - emphasised that there had been "errors" but said that the "overall system architecture, including the computers" had not been called into question. "We are all guilty and we will take responsibility," he said.

He said the failure cost western Europe and France \$1.5bn (\$155m and \$310m) - or 2 to 4 per cent of the FF40bn investment made in the rocket. Observer, Page 13

Morocco signs up Daewoo for \$1/2bn projects

By Fouad Kharroubi

Daewoo has signed an agreement with Morocco to invest up to \$500m in projects over the next few years, to the delight of Moroccan officials who have been courting the South Korean group for more than a year.

In the largest foreign investment deal in Morocco to date, Daewoo's investments will target the tourism, telecommunications and industrial sectors, with expectations of creating up to 2,500 jobs.

The details and the timeframe for the investments are still sketchy, but Moroccan officials said Daewoo had agreed to purchase a prestigious hotel in Rabat this year, to be followed by a bid for a stake in the telecommunications company. Morocco's privatisation ministry has been keen to privatise the telecoms sector but has yet to include it on the privatisation list. Parliament must also approve the privatisation.

In a third phase, the South Korean company plans to invest in an industrial site near Casablanca to manufacture domestic appliances for both the home market and for export to Europe and other North African countries. "This is a most important investment," said Mr Nabil Kharroubi, an official at the ministry of finance and foreign investment. "We hope that this will act as a locomotive to bring in other investors."

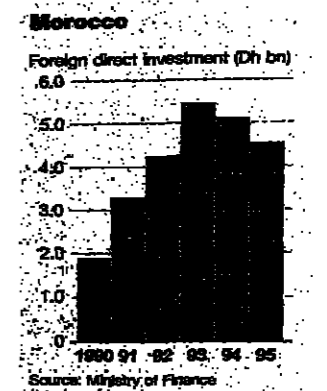
Attracting foreign direct investment is a key ingredient in Morocco's efforts to raise productivity as it opens up its economy to Europe. Under the partnership accord agreed with the European Union last year, Morocco must dismantle all tariff barriers within 12 years and has been urged by the World Bank to do so sooner.

But stifling bureaucracy, an unreliable justice system and a poorly qualified workforce have generally kept foreign investors away. Although foreign direct investment jumped nearly tenfold in the last

decade, it stood at just \$450m last year. King Hassan II's court and government ministers have been willing to facilitate matters and cut red tape for large investors they are keen to attract. Morocco's investment charter also gives added advantages to big investment projects.

Daewoo certainly falls within this category. A year ago, the ministry of finance and foreign investment drew up a wish list of companies - with Daewoo right at the top - that it would like to see invest in Morocco. Then it simply sent letters to their chief executives inviting them for a visit.

"We said the product is



Morocco - you can consider everything, we need everything and we are not targeting anything specific," recalled Mr Kharroubi.

Among the incentives provided to Daewoo was a promise by the government to build the infrastructure for the new industrial site and help finance the building of the actual plant.

Having clinched a commitment from Daewoo, officials were not too bothered about how long it would take the company to start operating.

"We are willing to build the site any time," said Mr Kharroubi. "Daewoo has a policy and a budget and they are investing a large amount over several years, we know it might take two to four years."

Commission report warns of unilateral protectionism against low-wage exporters

WTO urged to tackle labour standards

By Guy de Jonquieres in Brussels

The multilateral trade system risks being undermined by protectionism unless the World Trade Organisation tackles the subject of labour standards, a European Commission policy paper has warned.

Although the politically sensitive paper emphasises that it is not seeking to discriminate against poor countries or penalise low-wage exporters, it seems certain to add to a controversy, both between the EU's members and with many of its trading partners.

The paper, by Sir Leon Brittan and Mr Padraig Flynn, the trade and social affairs commissioners, is expected to be approved by the full commis-

sion today. European Union ministers will then be asked to endorse it for submission to the WTO's ministerial conference in Singapore in December.

Last weekend, foreign ministers of the seven members of the Association of South East Asian Nations - Malaysia, Thailand, Singapore and the Philippines - condemned attempts to link trade and labour standards, which are also being pressed by the US. The ministers said they would oppose any discussion at the WTO conference of matters not strictly related to trade.

The paper may attract criticism from senior trade officials of Asian governments at a two-day meeting with their EU

counterparts which opens in Brussels today. The meeting is intended to discuss follow-up measures to the Bangkok summit of Asian and EU leaders earlier this year.

The issue may also divide EU governments. France, Belgium and most southern EU members are pressing strongly to have labour standards placed on the WTO agenda, while Germany, the Netherlands, Finland and Sweden say they are prepared to consider the idea. But Britain strongly opposes such a proposal.

The paper does not urge the WTO to adopt any specific measures, but calls on it to set up a working group to study labour standards, and work more closely with the United Nations and the International

Labour Office to ensure that core rights are more widely respected.

"If the WTO fails to take up the challenge, there is a real danger that unilateral protectionist measures could emerge as this failure is viewed as evidence of a refusal to tackle abuses. These measures could, in turn, serve to destabilise the progress already achieved in relation to trade liberalisation," the paper says.

It says the aim should be to stamp out genuine abuses, not to harmonise international employment standards, remove the comparative advantage of countries with low wages or legitimise trade protection.

It supports recent efforts to strengthen the disciplines of the ILO and to make more

effective the organisation's efforts to monitor members' compliance with its human rights conventions.

This week's meeting of senior Asian and EU trade officials is expected to discuss preparations for the WTO ministerial conference and proposals for lowering barriers to trade and investment between the two regions.

But even if open disagreements over labour standards can be avoided, the meeting seems likely to reach few important decisions. EU officials say the enthusiasm of many Asian governments for ambitious initiatives to strengthen economic relations and advance liberalisation seem to have cooled since the Bangkok summit.

ÁPV RT.
HUNGARIAN PRIVATISATION
AND STATE HOLDING COMPANY

NOTICE OF TENDERS for shares of three companies within the Hungarian electricity industry

The Hungarian Privatisation and State Holding Company (ÁPV Rt.), H-1133 Budapest, Újpesti rakpart 31-33., Hungary, hereby gives notice of one round open tenders for the following:

I. Bakonyi Erőmű Rt. (Bakony Power Plant Limited), H-8401 Ajka, Gyártelep Pf. 134, Hungary - 61.18% of the Ordinary Shares, with a nominal value of HUF 9,927,290,000, together with an obligation to purchase such additional number of shares (to a maximum of 15% of the Ordinary Shares) as are not taken up by employees pursuant to specific rights of the employees to do so.

Tenderers are required to have consolidated shareholder funds of a book value equivalent to at least HUF 5,516,580,000 and are required to have adequate experience in operating coal-fired power plants and to own power plants with an aggregate installed electrical capacity of at least 183 MW.

II. Pécsi Erőmű Rt. (Pécs Power Plant Limited), H-7630 Pécs, Edison u. 1., Hungary - 61.98% of the Ordinary Shares, with a nominal value of HUF 9,177,620,000, together with an obligation to purchase such additional number of shares (to a maximum of 15% of the Ordinary Shares) as are not taken up by employees pursuant to specific rights of the employees to do so.

Tenderers are required to have consolidated shareholder funds of a book value equivalent to at least HUF 6,008,710,000 and are required to have adequate experience in operating coal-fired power plants and to own power plants with an aggregate installed electrical capacity of at least 226 MW.

III. Vértesi Erőmű Rt. (Vértes Power Plant Limited), H-2841 Oroszlány, Kültérület Pf. 23, Hungary - 74.89% of the Ordinary Shares, with a nominal value of HUF 17,065,450,000, together with an obligation to purchase such additional number of shares (to a maximum of 15% of the Ordinary Shares) as are not taken up by employees pursuant to specific rights of the employees to do so. In addition, in the event that a projected capital increase in Vértesi is implemented, additional Ordinary Shares in Vértesi will be offered for sale such that the total percentage of Ordinary Shares offered to Tenderers will in no case represent less than 74.89% in the increased registered capital of Vértesi. Whether or not the capital increase will occur will be confirmed to Tenderers no later than 1 September 1996.

Tenderers are required to have consolidated shareholder funds of a book value equivalent to at least HUF 8,820,670,000 and are required to have adequate experience in operating coal-fired power plants and to own power plants with an aggregate installed electrical capacity of at least 382 MW.

Key conditions of the tender include the following:

- settlement of the purchase price shall be in a single lump sum in US dollars;
- tenderers will be obliged to accept various existing employment policies of the companies;
- bids must be valid for a period of 120 days from the bid submission date;
- tenderers will be obliged to submit tender security with the bids in the form and amount specified in the tender rules (letter of credit or cash deposit) which will be included in the information memoranda;
- tenderers will be obliged to submit, and undertake obligations in respect of their brief business and employment policy plans and the purchase and sale agreement will contain sanctions for the breach thereof;
- tenderers will be required to undertake obligations in connection with development projects and maintenance of social welfare assets and the purchase and sale agreement will contain sanctions for the breach thereof;
- tenderers will be obliged to submit in person five copies of their signed bids in both English and Hungarian (as specified in more detail in the tender rules) in a sealed unmarked envelope at the time and place as specified in the tender rules and anticipated to be as set out below:

30th October 1996 between 14.00 hours and 16.00 hours

ÁPV Rt.

H-1133 Budapest, Újpesti rakpart 31-33,
3rd Floor, Room 392

- bids will be submitted in the presence of the notary public and a receipt will be issued as proof of delivery;
- the issuer reserves the right to declare one or more tenders unsuccessful and not to enter into a contract with any tenderer.

Parties interested in any of the above companies should request by fax from Mr Béla Künszler, Managing Director, ÁPV Rt. (Fax: +36 1 266 1934) the form of the agreement to confidentiality which they must submit prior to becoming eligible to collect the information memoranda. Interested parties should write providing the name of their organization, the name, fax number and telephone number of the individual responsible at that organization. Three signed versions of such agreement should be submitted to Mr Künszler at the ÁPV Rt. at the above address. Parties which have correctly submitted the agreement to confidentiality will be notified by fax that they will be eligible to collect the information memoranda for the companies in which they are interested from the Customer Service Office at the ÁPV Rt. at the above address during working days between 15.00 and 17.00 hours on 31st July 1996. Procedures to be followed in order to gain access to data rooms and to receive confidential information will be set out in the information memoranda.

Dole given push on tax-cutting policy

By Patti Waldmeir in Washington

Republican leaders in Congress, desperate to revive Mr Bob Dole's flagging presidential election campaign, yesterday gave him a public shove in the direction of a tax-cutting economic policy.

The Republican leadership of the House and Senate joined tax cut enthusiasts to hold a highly publicised "policy forum" on Capitol Hill, designed to increase pressure on Mr Dole to unveil his long-awaited economic plan and to include something dramatic to contrast his candidacy with that of President Bill Clinton.

Participants in the forum, which focused on proposals for stimulating economic growth largely through tax cuts, included Mr Newt Gingrich, the House speaker, Mr Dick Army, the House majority leader, and Mr Trent Lott, the Senate majority leader.

Former presidential candidate Mr Jack Kemp, a supporter of a flat rate of income tax, also attended, along with two of Mr Dole's senior advisers.

Mr Dole was not present. The forum reveals the increasingly public exasperation of senior Republicans at Mr Dole's failure to articulate a coherent campaign vision. Many feel that his only hope of averting a landslide defeat in November, which could even see the Democrats regain control of Congress, lies in announcing an eye-catching economic growth package, including a substantial cut in tax rates.

Mr Dole's advisers have been working on such a package for weeks, and the slow pace of their deliberations has frustrated many Republicans who feel their candidate is ignoring his strongest campaign issue.

A recent Harris poll showed high taxes to be the single most important concern of voters, followed closely by the state of the economy. Although polls show that most Americans believe their economic circumstances have improved under Mr Clinton by a factor of 2:1 - most still cite serious concern at the general state of the economy.

Within the Dole campaign

itself, consensus has begun to emerge around a substantial tax cut, either through a sharp reduction in rates or a rollback of tax increases instituted in 1990 and 1993. Mr Dole is now understood to accept the need for a big cut, but defending one in public could prove difficult for him.

Historically he has put deficit reduction ahead of tax cuts, and he is known to be concerned that announcing cuts may jeopardise his credibility as a budget-balancer.

Mr Dole's advisers are understood to be working on the final details of a tax reduction package, including an analysis of the budgetary and economic impact of measures which will come under immediate attack from the White House. The Democratic campaign will try to attack any Dole tax cut on the basis that it favours the rich over the poor, and jeopardises budgetary balance.

Mr Dole's advisers are also debating the timing of the announcement. It could be delayed until just before the Republican convention in August, for maximum impact.

Threat to EU stand on Helms-Burton

By Guy de Jonckheere in Brussels

Britain has thrown into uncertainty European Union plans to retaliate against controversial US anti-Cuba legislation by threatening to veto some of the EU's proposed measures unless it is satisfied they do not infringe British sovereignty.

The UK's move took the European Commission by surprise as it was preparing to approve today a draft blocking statute, intended to shield European companies threatened by the Helms-Burton Act. The US law authorises private court actions against foreign

companies "trafficking" in confiscated Cuban assets.

UK officials said the Commission had agreed to a "stay of execution" on the draft EU statute until the end of this week, to the UK time to study the provisions and check that they did not encroach on the rights of member states.

The officials said the UK had told Brussels that if the proposal was found not to comply with EU treaties, and the Commission went ahead with it, the UK would veto the draft statute when it was presented to the Council of Ministers.

However, Commission officials said they expected the 20 commissioners to endorse the

proposal in principle at their regular weekly meeting today, although procedural delays meant it was unlikely to be finalised until early next week.

They denied the proposal involved EU encroachment on sovereignty and said they were confident it met UK concerns. "Britain is crossing bridges before it has even seen their design," a Commission official said.

Another official said it was unclear whether the UK had fundamental objections to the proposals, or whether it was engaging in temporary delaying tactics in an attempt to pre-empt accusations from Tory Eurosceptics that it was

aligning itself too closely with the EU against the US.

Britain had previously been among the governments pressing most strongly for a robust EU response to the Helms-Burton Act.

UK officials said they did not want to weaken the EU's stance, but had always insisted there must be proper consultations before retaliatory measures were agreed.

Ironically, the proposed EU blocking statute is closely modelled on Britain's 1981 Protection of Trading Interests Act. It would prohibit European companies from complying with provisions of Helms-Burton and entitle them to counter-sue

in European courts for any damages which US courts awarded under the US legislation.

The UK fears the Commission proposal could transgress the division of powers between the EU and member states by encroaching on the jurisdiction of national courts. It is also concerned that the proposal is designed to be put into effect as it stands, and not implemented through national legislation.

Britain also has reservations about another option approved in outline by the Council of Ministers, which would involve tightening visa requirements for US citizens visiting the EU.

US steps up efforts to block UN chief

By Michael Littlejohns, UN Correspondent, in New York

The conflict between the US and Mr Boutros Boutros Ghali over the UN secretary-general's bid for re-election this autumn became more acrimonious yesterday.

Ms Madeleine Albright, US ambassador to the UN, told representatives of African and non-aligned states they should "disabuse" themselves of any idea that Washington would reverse its opposition once November's presidential elections were out of the way.

She urged the delegates, virtually all of whom backed the 73-year-old Egyptian diplomat, to think again and join the US in a search for a new secretary-general.

Diplomats who attended the session said the indicated Mr Salim Ahmed, secretary-general of the Organisation of African Unity, whom the US vetoed in a previous bid for the post, could even be considered. However, Ms Albright was informed that delegates were unwilling, at least for now, to look at another candidate.

The US has also accused Mr Boutros Ghali of "inappropriate



Boutros Ghali: won support from UN secretariat

ness" by, it says, employing UN staff to promote his re-election. Mr James Rubin, spokesman for the US mission to the UN, who is soon to join President Bill Clinton's campaign as a foreign policy adviser, hinted that Washington might call for an inquiry. He said the US had enough reports to justify looking into the secretary-general's "use of personnel for this purpose".

The US was incensed when Mr Ahmad Fawzi, a senior UN spokesman, read to journalists statements lavish in their praise of Mr Boutros Ghali's stewardship and then revealed they were remarks by Mr Clinton. When Mr Boutros Ghali returned recently after a sev-

en-week absence abroad, a welcoming party from the UN secretariat accompanied by a child bearing flowers clapped and cheered in the presence of UN television cameras to demonstrate their support for him.

Ms Sylvia Foa, Mr Boutros Ghali's press secretary, yesterday attacked the "unsubstantiated allegations" and "ridiculous" charges against the secretary-general and the "disgraceful campaign that is being waged against the UN and its staff".

The US's tactics "really smack of the McCarthy era," she said. "I cannot believe this has been approved in advance by the government concerned."

AMERICAN NEWS DIGEST

TWA families contact lawyers

Lawyers involved in lawsuits over the 1988 bombing of a Pan Am jet over Lockerbie, Scotland, say they have been contacted to represent some of the families of victims of last week's TWA Boeing 747 crash, in which 230 people died.

Mr Lee Kreindler, lead plaintiffs lawyer in the litigation against Pan Am and its insurers, said he had been hired by the family of two victims and that his office had received other calls. The New York firm of Baumeister & Samuels, which was also active in the Lockerbie litigation, said it had received calls but had not yet been retained.

Meanwhile, security personnel checking TWA flights from Roissy-Charles de Gaulle airport outside Paris went on strike yesterday in protest over management plans for part-time working. They said the dispute was unrelated to last week's crash.

Reuters, New York and Paris

House approves sanctions law

The US House of Representatives yesterday gave final approval to legislation imposing tough sanctions on companies which invest in the oil fields of Libya and Iran.

The House accepted a Senate version of the legislation which was more stringent than the original House bill. It would compel the president to impose at least two sanctions from a list of options on companies investing in Iran and Libya, including export and import bans on companies, denial of US bank loans and official credit, and exclusion from US government contracts.

Nancy Dunne, Washington

Ex-editor of the Journal dies

Vermont Royster, a former editor of the Wall Street Journal and winner of two Pulitzer Prizes, has died aged 82. He was one of a small group of editors who shaped the Journal into the nation's business daily, and presided over the newspaper's editorial page from 1956 until his retirement in 1971.

Royster started work at the newspaper as a reporter in 1936 and worked his way up to the positions of Washington correspondent, Washington bureau chief, editorial writer and editor.

AP, Raleigh

Senate amends welfare bill to avert Clinton veto

By Patti Waldmeir

The US Senate yesterday moved toward passage of politically controversial welfare reform legislation, amending it in an attempt to prevent President Bill Clinton from vetoing the bill.

Overhaul of the welfare system has become an important issue in the run-up to November's elections, with Mr Clinton eager to deliver on his 1992 campaign promise to "end welfare as we know it" without incurring the wrath of Democratic party liberals who oppose some of the measures as too tough on the poor.

Republicans have differed over whether their party would gain maximum electoral advantage by forcing the president to veto the bill - as he has done with two previous congressional efforts at welfare overhaul - or by presenting him with a bill he can sign, and then claiming reform as a Republican victory. Action on welfare was a key plank of the party's 1994 Contract with America.

Mr Trent Lott, Senate majority leader, yesterday presented the bill as a no-lose proposition for Republicans. "If he [Mr Clinton] signs it, the country will be the beneficiary. If he doesn't, he'll have to explain why," Mr Lott said.

The Senate appeared to be moving yesterday in the direction of presenting a bill the president can accept, voting to ensure Medicaid (public health insurance) eligibility for the

poor and blocking a change which the White House had said would jeopardise the programme of "food stamps", or free food for the poor.

The bill, which was expected to be passed late yesterday, differed in some ways from a bill passed earlier by the House, but both would limit welfare assistance to five years per family and require recipients to return to work after two years on benefit. Both bills would give states greater control over welfare spending.

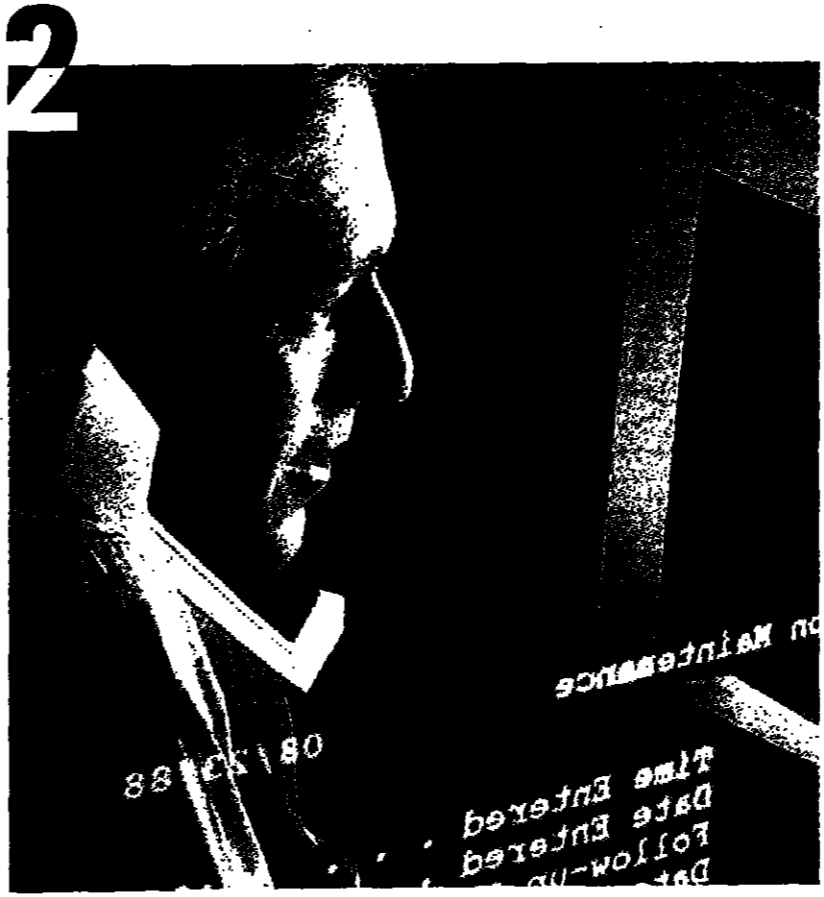
Mr Lott described the bill as a "work in progress". Differences between the two versions will be resolved in the conference committee, which might make further changes after negotiations with the White House.

SIEMENS NIXDORF



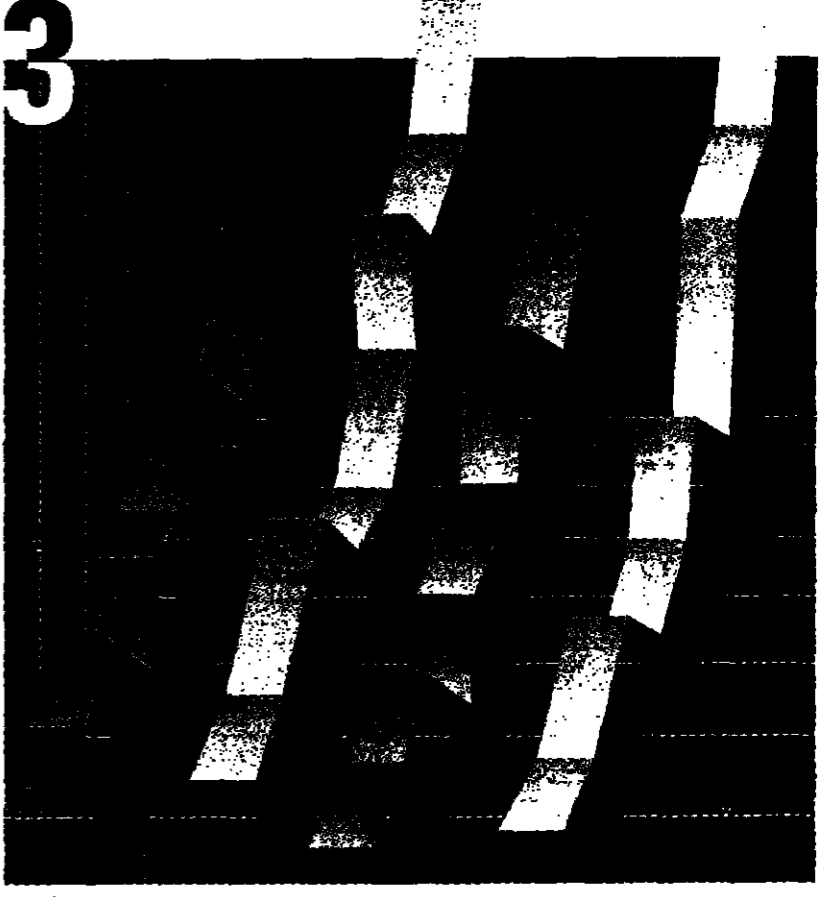
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Siemens Nixdorf: User Centered Computing

UK-based suppliers win 85% of £300m development costs in reversal of trend

Shell North Sea field 'one of fastest'

By Chris Tighe and Robert Corzine

The government yesterday gave the go-ahead to one of the fastest fast-track developments in the North Sea with the approval of the £300m (£48m) marginal Curlew oil and gas field project.

The Department of Trade and Industry (DTI) approved a plan by Shell UK Exploration and Production that envisages first output from the field, 220 kms east of Aberdeen, in the autumn of 1997. The development will be completed in half the time it would have taken five years ago.

The company announced £300m in contracts yesterday,

with 85 per cent of the overall project budget due to be spent with UK-based suppliers.

Fast-track projects are usually marginal fields, whose development would be questionable if normal development timescales and procedures were adhered to. In such schemes the government speeds up the approval process in exchange for a commitment by oil companies to bring the field onstream in the shortest practicable period. Speed of approval is seen as a necessary incentive to keep developments in the North Sea viable as the area reaches maturity.

Much of the work will be placed in Tyneside, in the north-east of England, includ-

ing a £300m contract for Curlew's floating production, storage and offloading (FPSO) vessel, Maersk Dorset.

This contract has been awarded to MAS Alliance - a joint venture between Amec Process and Energy of the UK, Monaco-based Single Buoy Moorings Inc and Maersk Contractors, a subsidiary of Danish-owned AP Moller.

The work will safeguard about 400 jobs at Amec Process and Energy in the Tyneside area as well as creating 500 six-month contracts at the nearby A&P yard.

Several years ago there were worries that Tyneside, a big centre of large topside fabrication in the 1980s, might lose

out as the North Sea development moved to more marginal fields, requiring more flexible extraction methods.

The area has also benefited from government pressure on North Sea oil companies to place more work with UK companies. The first FPSO contracts tended to go to Spanish and other overseas shipyards, a development which worried DTI officials keen to develop oil-related export industries.

Amec is currently working on another Shell FPSO order, the Anasuria, a new hull built in Japan then towed to Tyneside for topside work and turret installation. The new order will be worth well in excess of £100m to Amec. Its Tyneside

yard currently has a full order book and employs 2,200, against 700 a year ago.

"The contract underlines the River Tyne's unique position in Europe in being capable of tackling entire FPSO conversion projects," said A&P.

The development of relatively small North Sea fields such as Curlew increasingly depends on FPSOs, which can be easily moved to a new location once the reserves run out.

Curlew has recoverable reserves of 71m barrels of oil and natural gas condensate, and 244bn standard cubic feet of gas. Peak production is expected to be 45,000 barrels of oil and 100m scf of gas a day.

Reshuffle results in pro-EU Treasury

By Robert Peston, Political Editor in London

The Treasury has reinforced its position as the sole overwhelmingly pro-European ministry following a ministerial reshuffle yesterday.

The replacement for Mr David Heathcoat-Amory, who resigned from the Treasury on Monday because of his opposition to a European single currency, is Mr Phillip Oppenheim.

Meanwhile a minister noted that Mr Kenneth Clarke, the pro-European Chancellor of the Exchequer, had "purged any serious scepticism from the Treasury". Mr Oppenheim is described by his friends as a "mild sceptic" but regarded by the Eurosceptic activists as "the one of us".

The reshuffle was announced after Mr John Major, the British prime minister, categorically stated that the general election would be next year. In the Commons he said "people... will choose low taxes yet again in the 1997 election."

Mr Oppenheim's Treasury post has been downgraded in the reshuffle from a minister of state position to parliamentary under-secretary. He has also been deprived of Mr Heathcoat-Amory's historically significant title of paymaster general.

This has been given to Mr David Willetts, one of the rising stars in the government, who stays in the Cabinet Office but is promoted to minister of state level. Mr Willetts has become one of the prime minister's most trusted advisers on the co-ordination and development of policy.

Mr Oppenheim was given the brand new title of "Exchequer Secretary". This was "dreamed up over lunch" by Mr Clarke, according to a member of the government.

There has also been a promotion in the whips' office, which looks after parliamentary party discipline, for Mr Andrew Mackay, who becomes Deputy Chief Whip, replacing Mr Gregory Knight, who becomes minister of state at the Department of Trade and Industry.

The DTI said yesterday that Mr Knight, a rightwinger, would not necessarily inherit the portfolio of responsibilities previously held by Mr Tim Eggar, who quit as the DTI's energy minister to pursue opportunities in the private sector. Another minister who resigned for similar reasons to Mr Eggar is Mr Steven Norris, replaced as undersecretary at the Department of Transport by Mr John Bowers.

Meanwhile, the ranks of Eurosceptics at the Foreign Office has been increased by the arrival there of Dr Liam Fox in a newly created parliamentary undersecretary's post.

Editorial Comment, Page 12

UK NEWS DIGEST

Single currency disarray grows

Mr Tony Blair, the leader of the opposition Labour party, was yesterday given a foretaste of his party's divisions on European monetary union, taking some of the sting out of opposition attacks on the governing Conservative party's disarray over Europe.

Stepping up its campaign for a Labour government to rule out joining a single currency during a first term, the newly-formed "people's Europe" group said that fiscal policy would be dictated by the European central bank.

In a move that may alarm Labour anti-Europeans, it emerged that Mr Gordon Brown, the shadow chancellor of the exchequer, told a meeting of French bankers earlier this month that he wanted the UK to be one of the founding members of a single currency, if the economic conditions were right.

His strongly pro-single currency stance delighted the officials, with many now convinced that the Labour leader is committed to the single currency project although he has only thus far committed himself to making a decision according to the economic considerations at the time.

Labour officials denied the comments reflected a policy shift, and pointed out that Mr Brown had long indicated his qualified support for EMU.

In his first act as a backbench Eurosceptic since resigning from the Treasury as paymaster general, Mr Heathcoat-Amory who launched his own pamphlet, "Why the United Kingdom must say no", said the currency issue must be debated "publicly and urgently".

John Kampfner and Gillian Tett

FISHING

Existing quota-hoppers 'must go'

Britain is to seek to exclude existing overseas-owned fishing vessels from the UK's European Union fishing quota as well as preventing additional vessels from joining the fleet, officials said yesterday.

Mr Tony Baldry, the fisheries minister, told a Commons European standing committee: "I want to see existing quota-hoppers taken off the register. Our purpose is to remove them." Mr Baldry also made a veiled threat that unless quota-hopping was curbed, Britain might withhold funding for EU fishing agreements with third countries, which primarily benefit Spain and Portugal.

He said that 180 Spanish-owned and Dutch-owned vessels flew the red ensign and took 44 per cent of the UK plaice quota, 46 per cent of its hake, 35 per cent of its megrim and 29 per cent of its angler fish.

Alison Maitland, London

PROPERTY DEVELOPMENT

Singapore group to invest \$468m

London's Canary Wharf, the highest office building in the UK, yesterday announced a £300m (£48m) development, its biggest project since the 1980s, in partnership with Hotel Properties, a Singapore-based property group.

Hotel Properties (HPL) is to take a 70 per cent stake in a joint venture with Canary Wharf, which will develop the 11-acre Riverside site in several phases. The development will include hotels and luxury apartments and will take six years to complete.

The announcement is Canary Wharf's largest since it was acquired from its bankers for £800m last year. The international consortium of investors that now owns the company includes Mr Paul Reichman, the Canadian who led the development in the 1980s, and Prince al-Waleed bin Talal bin Abdulaziz of Saudi Arabia. Earlier this year, HPL bought a stake in the UK-based Virgin Cinema group, owner of the MGM cinema chain in the UK.

It also owns the Hard Rock Cafe network in Asia, which includes branches in China and India, and has a stake in the Nasdaq-quoted Planet Hollywood.

Jenny Lacey, London

CAR PRODUCTION

Owner agrees to Lotus sale

Mr Romano Artioli, the owner of Lotus, the UK sports car and engineering concern, has agreed to an immediate sale of the company and to sever his connections with it after an ultimatum by Lotus directors that they would otherwise call in receivers.

Mr Neeraj Kapur, the finance director and effectively chief executive, and fellow UK directors of Lotus reached the agreement with Mr Artioli after making the receivership threat during a meeting with him on Friday. They told the Italian entrepreneur, whose other car company, Bugatti, is in receivership, that Lotus was experiencing increasing difficulties because of uncertainty over his intentions.

John Griffiths, London

ENTERTAINMENT COMPLEX

Power station plan approved

Plans for a £200m (£32m) conversion of the semi-derelict Battersea power station, one of London's most famous landmarks on the banks of the River Thames, into one of Europe's biggest leisure and entertainment centres have been backed by planning officials of Wandsworth Borough Council, the local authority responsible for the site.

"This is a significant step forward which should allow us to begin building in the spring of 1997," Ms Hilary Baker, a spokesman for Parkview, the company that formed the consortium involved in the project, said last night. Plans for the art deco interior of the power station include cinemas, bars, and a variety of retail and food and drink outlets.

Parkview, a Hong Kong property company, formed Power Productions, the consortium that owns the power station and the surrounding land, earlier this year. The other partners are BAA, the airports group; Sir Andrew Lloyd Webber's The Really Useful Group; and the Gordon Group, a US property retail concern which owns the Caesar's Forum shopping complex in Las Vegas.

Jimmy Burns, London

Barings manager 'impeded in his job'

By John Gapper, Banking Editor

Mr Ian Hopkins, the former head of risk management at Barings, the merchant bank which collapsed last year, yesterday said he had been obstructed from improving its controls in the last months before it failed.

Mr Hopkins, who faces disciplinary action by the Securities and Futures Authority, a City of London regulator, for his role in the collapse, said he was ignored by Mr Peter Norris, the former chief executive, because of Mr Norris's personal dislike of him.

Mr Hopkins told a UK Parliamentary committee of an aggressive atmosphere among senior managers at Barings that sometimes led to shouted confrontations, and people banging their fists on desks during meetings.

His evidence follows a claim by Mr Ron Baker, former head of derivatives trading at Barings, that senior managers of Barings in Singapore "knowingly or unknowingly" conspired to cover up the \$830m fraud of Mr Nick Leeson.

Mr Hopkins, removed from the management committee which ran investment banking operations a few days before the collapse, said this happened because of clashes with Mr Norris about risk controls.

"I got right up Peter Norris's nose... I had made myself unpopular, and could not be tolerated in that position," said Mr Hopkins, who was appointed head of risk control in August 1994.

Shortly after appointment, he "stumbled across the most awful mess" in how the bank dealt with foreign exchange risks.

However, when he raised this at a committee meeting, he found himself "shouted down by everyone in the room".

Mr Hopkins said Mr Norris had blocked an attempt to appoint a regional treasurer in Asia at the end of 1994, a move which would have cost £200,000 a year. This might have allowed the bank to save hundreds of millions of pounds in losses.

Mr Hopkins claimed there was a broad lack of controls in Barings Securities. He said that he did "everything he could have done in a difficult and hostile environment to change the culture, but that is hard work for one individual".

Mr Baker, giving evidence to the committee again, said that he agreed with Mr Hopkins' view that he was unfairly treated.

Ministers try to quell lamb scare

By Neil Buckley in Brussels and Alison Maitland and George Parker in London

European Union ministers and officials yesterday strove to avoid a collapse in the lamb market after the agriculture commissioner's warning that BSE or "mad cow" disease could be passed to sheep.

Several farm ministers meeting in Brussels welcomed as a sensible precaution Mr Franz Fischler's call on Monday for EU-wide action to prevent sheep's brains, spinal cord and spleen from entering the food chain. They insisted lamb itself was safe to eat and called for calm among consumers.

But states including Spain and Portugal reacted angrily to Mr Fischler's demands. They said since their countries were free of BSE, there was no need for them to take anti-BSE measures when processing cattle meat, let alone meat from sheep, goats and other ruminants.

Mrs Loyola de Palacio, Spain's agriculture minister, rebuked Mr Fischler for making comments that may provoke alarm without discussing them with all EU veterinary committees or, apparently, other commissioners.

Some other states also accused the commission of repeating some of the mistakes of the UK government, which sparked the "mad cow" crisis in March when it warned of a probable link between BSE in cattle and CJD, the fatal human brain disease.

The commission's agriculture spokesman insisted yesterday there was "no evidence whatsoever" that sheep had contracted BSE from cattle except in laboratory experiments. These involved sheep consuming feed heavily contaminated with BSE.

"We decided to err on the side of prudence. We would rather be too cautious than under-cautious," he said.

Mr Ivan Yates, farm minister of Ireland, which holds the rotating EU presidency, said any risk to human health from



Planning consultation: Douglas Hogg will discuss removing sheep brains from the food chain

Mainland European countries yesterday remained relatively relaxed at the prospect of European Union rules aimed at preventing parts of sheep entering the food chain.

Mr Philippe Vasseur, French agriculture minister, welcomed the European Commission's proposals to ban consumption and use of sheep and goat products driven by scientists' concerns that mad cow disease can be transferred to sheep and other animals.

He said that France had already launched a ban domestically following the recommendations of a group of experts, and had called on Brussels to adopt the same policy in other member countries.

But it was important that Europe adopted a

single sanitary standard on the issue, said Mr Vasseur.

German officials reacted cautiously to yesterday's announcement by Mr Franz Fischler, EU farm commissioner, that BSE could infect sheep. Mr Jochen Borchert, the German agricultural minister, said he would await the outcome of tests before considering measures to tighten food-safety regulations. EU veterinary experts will meet on August 1 to decide whether to ban various sheep tissues from the food chain.

Germany's farmers association said it would also await the outcome of that meeting, adding that any ban affecting sheep would not have such a large impact on the market compared with beef because Germans ate very little lamb.

pean Commission if the latter demands removal of brains, spinal cord and spleen, as suggested by Mr Fischler.

Mr David Nicholson, Tory MP, said the proposed slaughtering precautions for sheep and goats were "ridiculous". Another Tory MP, Mr Christopher Gill, said the Commission's decision was "bizarre".

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Germany's farmers association said it would also await the outcome of that meeting, adding that any ban affecting sheep would not have such a large impact on the market compared with beef because Germans ate very little lamb.

pean Commission if the latter demands removal of brains, spinal cord and spleen, as suggested by Mr Fischler.

Mr David Nicholson, Tory MP, said the proposed slaughtering precautions for sheep and goats were "ridiculous". Another Tory MP, Mr Christopher Gill, said the Commission's decision was "bizarre".

Rising industry demand eases recession fear

By Graham Bowley, Economics Staff

Fears of a prolonged recession in UK industry faded yesterday after manufacturers reported a recovery in export demand and output in the second quarter and their first rise in confidence since spring last year.

These results were contained in the quarterly industrial trends survey by the Confederation of British Industry, the UK's largest employer lobby group. The findings bolstered the hopes of Mr Kenneth Clarke, the chancellor of the exchequer, of fighting the next

general election amid a strong upturn in economic growth, but with low inflation.

Manufacturing has been the chief disappointment for Mr Clarke, since it has stagnated while other sectors of the economy, especially consumer spending, have grown strongly.

But Ms Kate Barker, CBI chief economist and one of the chancellor's independent advisers, said "the risk of a manufacturing recession has receded".

Manufacturers reported that new orders during the last quarter rose at the fastest rate since July last year after show-

ing no growth for the previous two quarters.

This led to a revival in factory output after no growth in the first quarter, although it rose by less than manufacturers had expected.

Manufacturers said they were now more optimistic about future output growth than at any time since October 1995. But Mr Andrew Buxton, chairman of the CBI's economic affairs committee, cautioned that manufacturers' expectations had been consistently disappointed in recent surveys.

He said activity was picking

up "after grinding to a halt at the beginning of this year".

But he underlined that the manufacturing sector is still not performing as well as the economy as a whole with companies threatened by the uncertain outlook for exports and a continued backlog of unsold stocks.

This was reinforced by evidence that manufacturers continued to shed jobs - employment fell at the sharpest rate for two-and-a-quarter years. In spite of the revival in new orders, total factory orders were their weakest since October 1993. Mr Simon Briscoe,

economist at Nikko Europe, the Japanese bank, said: "It is certainly too early to talk of manufacturing recovery."

Nevertheless, Mr Buxton said the signs of manufacturing revival showed that the chancellor's decision to cut UK interest rates this year had "in hindsight been justified".

Ms Barker said the chancellor should make no further change to interest rates - either up or down. Mr Clarke will meet Mr Eddie George, governor of the Bank of England, the UK central bank, next week for their regular interest rate discussion.

Exports set to challenge Komatsu

Aveling Barford signs \$30m joint venture to sell dump trucks in Japan

Aveling Barford is one of the oldest names in UK engineering with a history going back to the days of steam-powered road rollers.

This week, the heavyweight construction machinery maker is demonstrating that it has hauled itself out of the trough in which it was trapped at the start of the decade and, on solid ground, is preparing to add to its 130-year history.

The demonstration takes the form of a \$30m (£19.4m), three-year deal for Aveling Barford's 30-tonne payload dump trucks to be sold in Japan through a joint venture between Caterpillar of the US and Mitsubishi. The trucks will present Komatsu, the Japanese construction equipment company, with the first challenge to its near-monopoly of the sector in Japan.

Through Mitsubishi's trading house activities, it will also give Aveling access to partici-

pation in Japanese public sector contracts and the country's overseas aid projects.

For Mr Peter Youlton, the managing director of the company based in Lincolnshire, England, the deal represents only one step - albeit a big one - in a transformation which still has a long way to go.

"We intend to expand further in our existing fields of activity - of manufacturing trucks for construction, mineral extraction and mining," he says. "As part of that, we will look at any acquisitions which appear advantageous. But we are also looking at diversifying into other engineering sectors, such as mainstream motor components."

Mr Youlton has initiated an export drive to counteract the peaks and troughs of the UK's construction and quarrying industries.

The strategy includes opening up new markets in a num-

ber of countries where Aveling does not have a presence, such as Vietnam and Thailand, as well as China, Africa and the Middle East are also the subject of renewed sales drives.

Aveling's products have long been familiar in some unlikely-sounding places: snow clearing in the Andes, for example.

Aveling Barford is the biggest single operating subsidiary of Wordsworth Holdings plc, which turns over £100m annually. Aveling builds between 150 and 180 off-road trucks a year, some 85 per cent of which are exported. Its products include the 120,000 RHD30 models destined for Japan and larger units with a payload of 65 tonnes costing £250,000.

Aveling has doubled its turnover in the past three years yet in 1994 it seemed as if its march from its origins as the supplier of the world's first steam-powered road roller in 1897, was reaching a dead end.

Aveling was the UK's biggest construction machinery supplier when it fell into the hands of British Leyland exactly 100 years later.

By 1988, after a world slump in machinery purchases, British Leyland's management was preparing to shut it down. Execution was stayed through its purchase by Mr K.T. Lee, a member of a Singapore trading family, and Mr Adrien Rechele, a Philadelphia attorney - but only for five years. A management buy-in team, led by Mr Duncan Wordsworth, moved on to the 87-acre site in 1993 having bought the business for £10m.

Wordsworth Holdings reported consolidated profits of £1.2m before tax and interest in 1994 on a turnover of £236m, reflecting the intense competition within most engineering activities.

John Griffiths

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Exports set to challenge Komatsu

Aveling Barford signs \$30m joint venture to sell dump trucks in Japan

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CONSOLIDATED BALANCE SHEET 1995	US\$m	% Change vs. 1994
SHAREHOLDERS' EQUITY	1,570	+ 5.1
TOTAL ASSETS	34,100	+ 3.2
CUSTOMER DEPOSITS	20,300	+ 7.3
LOANS TO CUSTOMERS	17,000	+ 4.3
NET INCOME	353	+ 35.3

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Parent Bank's figures as at 31st December 1995		
	US\$ m	% Change vs. 1994
SHAREHOLDERS' EQUITY	1,430	+ 5.6
TOTAL ASSETS	29,900	+ 3.4
CUSTOMER DEPOSITS	18,400	+ 7.0
LOANS TO CUSTOMERS	15,300	+ 7.7
NET INCOME	101	+ 22.1

(US\$ 1 = Lit. 1,584.72 as at 31st December 1995)

one of Italy's leading securities and stockbroking houses, also prospered. Meanwhile, overseas, a new Representative Office in Moscow was added to those already existing in Beijing, Brussels, Hong Kong and New York, and a new office will soon be opening in Manila.

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COMMENT & ANALYSIS



Edward Mortimer

Much to answer for

Ethnic identities in Africa are largely the invention of colonial missionaries but are no less real and no less deadly for that

In Rwanda two years ago between 500,000 and 1m Tutsis were killed by Hutus in an organised genocide. Today in neighbouring Burundi hundreds of civilians are dying each month in tit-for-tat massacres between the same two ethnic groups.

ally and above all racially nearer Europe", namely Ethiopia. Indeed Hutu identity itself, according to the anthropologist Catherine Newbury, was a creation of the common experience of Rwandese peasants excluded from power and privilege during the colonial era. Before that, "hutu" merely referred to the status of vassal.

De Waal's conclusion that "Rwanda is - or was - one of the true nations in Africa" begs an enormous question about what exactly a nation is. What is clear is that the Hutu and Tutsi ethnic identities as they exist today are a creation of the colonial era. But in that respect they are anything but unique, as Professor Terence Ranger, the Oxford historian of Africa, made clear in a debate on the nature of ethnicity at the University of Warwick in October.

"Ndebele" ethnicity and the idea of an Ndebele tribe speaking only Sindebele are a product of the last hundred years." In the 19th century, he says, even after the authoritarian and structured Ndebele kingdom was established, western Zimbabwe was "a zone of intense linguistic interaction". When Jesuit missionaries established a huge farm at Empendani, "they found the young men speaking Sindebele and began to write about their tenants as typical Ndebele. They soon discovered that these young men were members of conquered groups being absorbed into the kingdom's regimental system; their wives spoke Kalanga; and the Empendani missionaries eventually came to write studies of typical Kalanga culture. But this desire to elevate one identity over another and to correlate it with language was much more characteristic of missionary than of indigenous thought."

Missionaries seem to have a lot to answer for. In Mozambique it was Swiss missionaries who, offended by the "pro-

gressive nationalism", but how to ensure interactions between a dynamic and inclusive ethnicity and a democratic nationalism. Ethnicity, in other words, may be a relatively modern phenomenon but it is here to stay. And in places like Rwanda and Burundi it is all too dynamic. But just how ethnicity can become "exclusive" without challenging each other to mortal combat remains a question as hard to answer in central Africa as it is in Northern Ireland.



Colonial legacy: victims of an attack by Hutu rebels in Burundi

LETTERS TO THE EDITOR

We are keen to encourage letters from readers... Please set fax to '00' if you are sending from outside the UK.

Climate change challenge unequal

From Dr Ian H. Rowlands. Sir, While few question the global nature of the climate change challenge, few also disagree that industrialised countries must take the lead in meeting it.

concept of fairness - be it, for example, "polluter pays", "ability to pay" or "equal rights" - dictates that the north should take the initiative in addressing global climate change. Indeed, that is what negotiators in Geneva are at present trying to do: to agree binding reduction targets for all OECD countries, in a manner that will be as efficient and equitable as possible.

consider all countries' future emissions. In the meantime, however, any attempt to portray this global issue as one that means "equal action worldwide" will only serve to stall the negotiations. For the sake of the planet and its inhabitants, let us hope that this tactic soon runs out of fuel.

Unwitting comment

From Ms Karen King. Sir, I read Andrew Adonis' and Mark Suzman's article "So where's the melting pot?" (July 20/21) with great interest. However, I noted the complete absence of analysis of the Chinese community's situation in the UK. I found the omission surprising, given they form a not insignificant proportion of the immigrant population.

ECB will favour lower Euro interest rates

From Mr Christopher Johnson. Sir, In his generally friendly review of my book, in which I set out with the Pound (July 18) Christopher Taylor raises two important issues that require some comment. First, he suggests that the European Central Bank, following in the footsteps of the Bundesbank, will set interest rates "too high from a UK viewpoint".

will need higher interest rates than the ECB wants, to keep inflation in check. The reason why German businessmen support the euro is that they see it as a way of capping the strength of the D-Mark, which threatens exports and jobs in Germany. If Euro interest rates follow German in staying low while US interest rates rise, then the euro will fall, and the dollar will rise, so as to bring out a fair level of competitiveness across the Atlantic, to the advantage of Germany and other members of the single currency.

see how the euro works out before deciding whether to join. To quote from my book: "Waiting longer will not help us to make up our minds. It will widen the rift between Britain and the single currency countries, which will move ahead fast and write their own rules without taking British interests into account. It will be like Britain's refusal to join the Rome Treaty in 1957. It may be many years before we join, and then it will be on their terms and not on ours."

Good reasons for sanctions against Burma

From Mr My Nyan Nyan. Sir, Your article on activists who target European companies investing in Burma ("Western companies encounter protesters on road to Burma", July 12) highlights the continuing strength of feeling against corporate investment in Burma.

Ang San Suu Kyi, leader of the democratically elected National League for Democracy. Her videotaped direct appeal to EU member states show that the people who she represents are in favour of any measure to force a dialogue with the military government towards a settlement of the worsening situation in Burma.

violations of human rights. Those who urge caution, those who view the situation purely from a simple economic point of view - i.e. those who take the view that any economic withdrawal will be simply replaced by another investing country - forget very quickly what is at stake. It was only a fortnight ago that Nelson Mandela, the South African president, thanked the people of Britain for taking a stand when their government was not prepared to.

Time and again, it has become obvious that political stability is a necessary precondition for lasting long-term investment and economic growth. Nyan Nyan Oo, 306 Richmond Road, E Twickenham TW1 2DY, UK

Outdated read

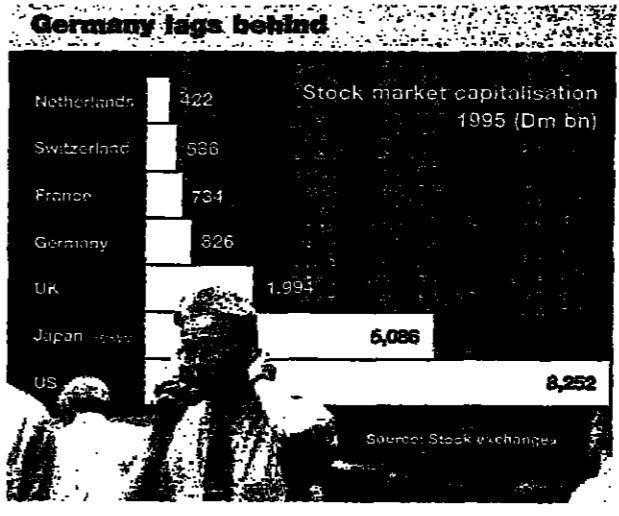
From Mr Aldo Matteucci. Sir, James le Fanu has reread M. Denton's (Books): A Theory in Crisis (Books). "Mysterious by nature" July 20. What a pity he did not read S.J. Gould's *Dinosaur in a Haystack* instead. As shown therein, traditional forms of whales have meanwhile been found in the fossil record.

THE BANKER advertisement featuring a large '1000' graphic and subscription information. Text includes: 'Published in the July 1996 issue our rankings are the only ones based on the Basle definition of Tier One Capital...', 'FREE COPY OF JULY 1996 ISSUE (worth £9.50) WHEN YOU SUBSCRIBE', and contact details for The Banker, PO Box 461, Bromley, BR2 9WP.

A venture across the pond

It was a happy occasion, but tinged with regret. When Qiagen, a small German biotechnology company, held a press conference two weeks ago to talk about its listing on Nasdaq, the computerised US stock exchange, it criticised the conditions in its own country which had caused it to cross the Atlantic for new equity.

Andrew Fisher on why a German biotechnology company had to go to the US for new equity



By Mr Mr Clausen, a 38-year-old banker and lawyer who is a veteran of the capital market scene, it was a "sad experience" that Qiagen had to go "across the big pond" for new capital. The company needed the money for its rapid expansion. Starting 11 years ago with three scientists - now 20 - premises on paper through the share issue - Qiagen, based near Düsseldorf, employs nearly 400 people worldwide. Sales grew 53 per cent last year to \$37m and net income by 86 per cent to \$2.4m.

Further down the road are more controversial moves to stimulate Anglo-Saxon type pension funds - which are large equity investors - by putting them on the same tax footing as pension reserves held inside German companies and used for internal financing. For Qiagen, such reforms may be of little relevance now that it has its Nasdaq quote, made through a Dutch holding company for legal and tax reasons. But as the German biotechnology industry emerges from several years of public scepticism and opposition from political and environmental activists, shortage of development capital is an obvious hindrance to the high-tech sector.

مكتبات الأصيل

Intention to keep tight rein on inflation signalled

Bank of Italy reduces discount rate to 8.25%

By Robert Graham in Rome

The Bank of Italy yesterday announced a 0.75 point cut in the discount rate to 8.25 per cent of today, but sent a strong signal that it intended to keep a tight rein on inflation.

Olympics organisers may be sued over TV chaos

By Jimmy Burns in London and Peter Aspin in Atlanta

Europe's public broadcasters may sue the organisers of the Atlanta Olympic Games for breach of contract after complaining that chaotic working conditions for journalists had undermined coverage of the opening events.

Israel and Palestine agree to push forward peace moves

By Julian O'zanne in Jerusalem

Mr David Levy, Israel's foreign minister, yesterday met Mr Yasir Arafat, president of the Palestinian Authority, opening the first high-level dialogue between the two warring Israeli and Palestinian governments.

Political commentators said the meeting marked the continuing success of Mr Netanyahu in reasserting Arab and western states that his government is committed to continuing with the peace process.

Samsung takes 5.1% stake in Hyundai

Continued from Page 1

friendly shareholders increase their equity stakes to 65 per cent. Shareholders considered friendly already control about half of Kia. Besides Hyundai, they include Ford Motor of the US and Mazda of Japan - which hold a combined 16.9 per stake - and company employees and subcontractors.

and cannot rely on other businesses to bail out its car operations during bad times. Kia's industrial specialisation, however, has won it the support of the government, which wants other Korean conglomerates to follow a similar core business strategy.

Mr Bob Brennan, spokesman for the Atlanta Committee for the Olympic Games (ACOG), said there were still glitches in the world press feed, devised by International Business Machines to provide customised data for news agencies, broadcasting companies and newspapers. "Some pieces of it are working, and some are not. We are working on it as hard as we can."

Mr Bill Gates, who said he would not be attending the Atlanta Games, said the problems on Info 96, the system which provides information to journalists in Atlanta through some 1,800 terminals, were gradually being solved. He admitted there had been some errors in data, but not an unacceptable amount considering the size of the system.

Another complaint is that journalists had been prevented from gaining access to working areas such as commentary positions, camera positions... even if they had all necessary credentials.

A dearth of medals, Page 5

THE LEX COLUMN

Monopoly money

Microsoft has again demonstrated the joys of being a monopolist in a fast-growing industry: rising prices, higher volumes and lower costs. Personal computer hardware manufacturers have seen the industry's 20-25 per cent volume growth over the past year wiped out by vicious price-cutting. Not so Microsoft, which dominates PC software.

FT-SE Eurotrack 200: 1983.9 (4.6)



slipped to 19 per cent. But this is because of high levels of marketing and research and development spending, reflecting forthcoming product launches. The second half should see the roll-out of treatments for cancer, Parkinson's disease and a new paediatric vaccine.

Microsoft does not put up prices of existing products - that would smack too much of gouging captive customers. It merely charges more for new versions. For example, PC makers have to pay \$43 for its Windows 95 operating system, compared with \$38 for the older Windows 3.1. The next version, Windows NT 4.0, due to be launched in August, is expected to cost around \$65 - roughly double the price of Windows 3.1.

Investors are right to challenge United Utilities' new executive remuneration package at Friday's annual meeting. In itself, the company's new long-term incentive plan - which will reward top executives if United Utilities produces a greater total shareholder return than the average FT-SE 100 company - is not objectionable.

Japan

Investors are so nervous about a rise in Japanese interest rates that every twitch from the Bank of Japan sends tremors through the country's stock and bond markets. With the official discount rate at a postwar low of 0.5 per cent it is a fair bet that the next movement in rates will be up. But the odds are still against its happening soon.

SmithKline Beecham

Yesterday's half-year results from SmithKline Beecham put it on a par with the best US drug groups. Driven by newer products, like anti-depressant Seroquel, SmithKline's pharmaceuticals division is increasing sales and profits at a very healthy 15 per cent.

While the economy is growing again, it is not growing fast enough to justify monetary tightening. Yesterday's quarterly economic outlook from the central bank still questioned whether Japan's recovery was self-sustaining. After a cracking first quarter, growth has moderated, though the 1996-97 fiscal year should beat last year's 2.3 per cent rise in gross domestic product. But for next year, most forecasters expect a slowdown to

There are two reasons for this. The first worry is that while sales are growing, margins are not - in the second quarter the trading margin

That said, there is a risk that the latest row will descend into another round of utility-bashing. It is easy to see why utilities are soft targets: they operate in politically sensitive sectors and some of their executives are second-rate. But the common notion that utility managers should be paid less than their counterparts in other industries is misconceived. Acting on it would merely be a recipe for continuing to employ second-rate executives - hardly in shareholders' interests. The better approach would be to sack those not up to the job and reward the rest as handsomely as their peers in other sectors. Unfortunately, if utility-bashing continues unabated, it will be increasingly hard to recruit talented executives.

Additional Lex comment on Stagecoach, Page 19

FT WEATHER GUIDE. Europe today. Ireland, Scotland, Wales and the western part of England will be dry with sunny spells. Eastern England, however, will be generally cloudy with occasional outbreaks of rain. Showers, some of which may have thunder, are expected in the Benelux, Germany, the Alps and eastern Europe. The showers will be accompanied by strong westerlies in the Benelux and northern Germany. The unsettled conditions will be caused by a low pressure system over the southern part of the North Sea. Its associated front will trigger numerous thunder storms in southern France and eastern Spain. Some of these storms may be severe with hail or damaging winds. Southern Italy, the southern Balkans, Greece and Turkey will be mostly sunny.

Acquisitions Monthly and HSBC Private Equity present a conference on Management Buyouts - Towards the Millennium. Get the balance right! Date: 24 and 25 October 1996. Venue: The London Marriott Hotel, Grosvenor Square, London W1.

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IN BRIEF

Unions step up CFF rescue calls

Trade unions at Crédit Foncier de France, the troubled specialist property lender, stepped up political pressure for the state to support a rescue plan and a continuing role for the bank in funding low-income housing. Page 17

Saks in talks to control Barney's
Saks Holdings, parent company of Saks Fifth Avenue, said it was negotiating to take control of Barney's, the New York-based department store that filed for bankruptcy in January. Page 16

Restaurants and snacks drive PepsiCo rise
Strong growth in restaurants and international snacks helped PepsiCo to a 20 per cent rise in second-quarter earnings to \$593m. Page 16

Smokers busy RJR Nabisco
RJR Nabisco, the US food and tobacco group, raised net income 11 per cent to \$212m, or \$0.64 a share, before one-off items in the second quarter, helped by a buoyant performance in international tobacco. Page 16

Bertelsmann and Kirch in TV decoder plan
Bertelsmann and Kirch, the German media groups, are close to an agreement to launch a standard decoder for digital television, ending a bitter struggle between the arch rivals. Page 17

SmithKline rises strongly to £345m
SmithKline Beecham, the UK's second biggest pharmaceuticals company, confirmed its place as one of the fastest growing of world's big drugs companies with a 14 per cent rise in second-quarter pre-tax profits to £342m (\$533.5m). Page 18; AIDS drug trial result lifts Glaxo. Page 18

Companies in this issue

Table listing companies and their share prices, including Aeroespaciales, American Airlines, Anglo-American, etc.

Market Statistics

Table with market statistics including Benchmark Govt bonds, Bond returns and options, Commodity prices, etc.

Chief price changes yesterday

Table showing price changes for various commodities and currencies like Wheat, Soybean, etc.

New York and Toronto prices at 12.30pm

Daewoo makes offer on French jobs

By David Owen in Paris

Daewoo, the Korean conglomerate, has told the French government it will create 5,000 jobs in France within five years if it is allowed to buy the multimedia arm of Thomson following the defence and electronics group's privatisation.

Korean group sees country as platform in Europe

Legardère, the missiles-to-magazines conglomerate, is up against Alcatel Alsthom, the telecommunications and engineering group, in the fight for Thomson.

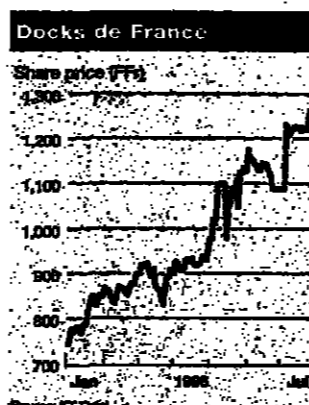
defence-related hands, has been to say he will recommend the government should decide on a buyer in early autumn so as not to prolong uncertainty, and that it should keep a golden share to retain control over so important a defence asset.

Mr Roullet was asked to produce his report in February after the announcement by President Jacques Chirac and prime minister Alain Juppé that they had decided to privatise the group.

Docks de France accepts improved bid from Auchan

By Andrew Jack in Paris

Docks de France, the quoted retailer, yesterday abandoned its fight for independence and accepted a modestly improved bid from the privately-held Auchan group.



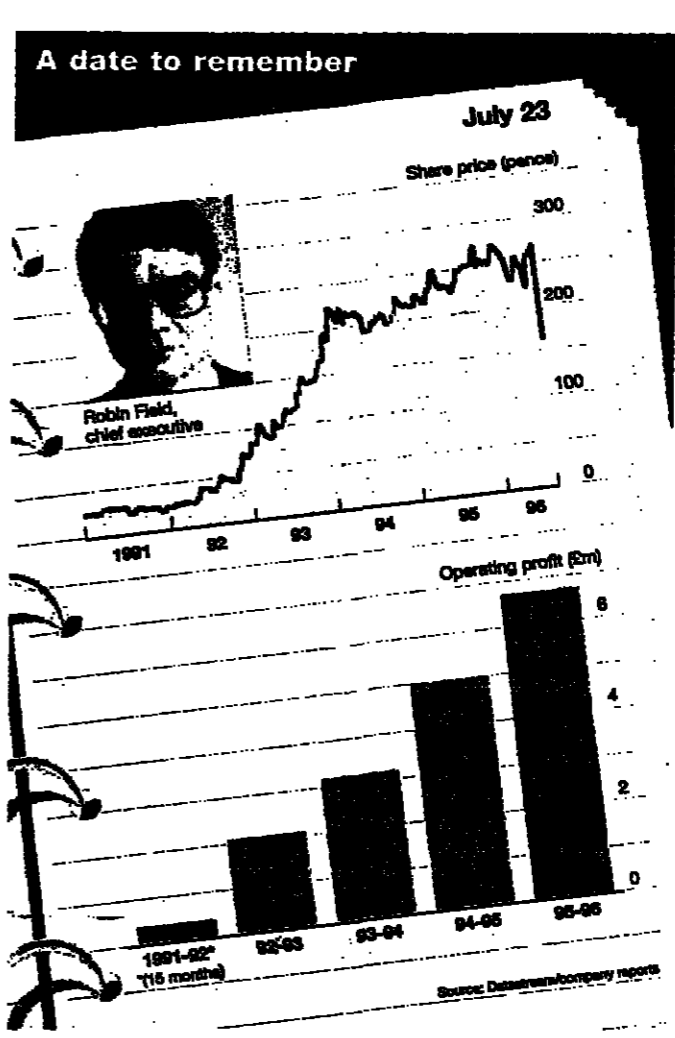
The founding families which will lose ownership, and the leading shareholders who sit on the Docks de France board between them control 24.5 per cent of the shares and 41 per cent of the voting rights.

Move follows shake-up at main UK customer

Filofax shares hit by warning

By Christopher Brown-Humes

Filofax, the internationally renowned personal organiser group, saw its shares fall nearly 40 per cent yesterday after it issued a surprise profits warning.



recovery was expected in the second half. The dividend - raised 25 per cent last year - would not be cut, he said.

Sex, tax and French bonds

Barry Riley

About 10 years ago the French Treasury staged a global programme of roadshows to promote the international sale of French government debt.

A surge of domestic buying has driven French yields below Germany's level

reach almost FF2,500m (\$482bn) by the end of this year. For the time being these domestic flows are cutting the cost of borrowing.

Minor cuts in the tax privileges last year failed to slow the growth of life policy sales, which have doubled in four years.

Perhaps even more important than the cost is the distorting effect on the capital markets. French investors are piling into domestic bonds but they are leaving a vacuum in equities.

population. The pay-as-you-go schemes continue to dominate, and powerful political and commercial lobbies oppose change.

Oddly, there is faster movement in Germany, where proposals were unveiled last week to lift the proportion of insurance company funds that can be invested in equities from 6 to 30 per cent.

Mercury advertisement: "SPEED KILLS YOUR COMPETITORS." Includes logo and text: "Is your company on Mercury's fast data network?"

COMPANIES AND FINANCE: THE AMERICAS/ASIA-PACIFIC

Robust sales at Schering, AHP

By Richard Waters in New York

Cost-cutting at American Home Products following its merger 18 months ago with American Cyanamid turned a 6 per cent rise in revenues in the second quarter of this year into a 30 per cent increase in after-tax profits, according to results released yesterday.

in revenues from agricultural products and were offset by a 4 per cent fall in sales of medical devices. The company's latest earnings were boosted by a 4 per cent decline in its production costs, to just under \$11.2bn.

Smokers buoy RJR Nabisco

By Tony Jackson in New York

A strong performance in international tobacco helped RJR Nabisco raise net income 11 per cent in the second quarter, before one-time items, to \$212m, or 64 cents a share.

ered, the company said, and a return to double-digit growth was expected in the former Soviet Union in the current quarter. Nabisco raised its net income 14 per cent in the quarter to \$90m, while sales rose 6 per cent to \$2.2bn.



Steven Goldstone: expects second-half improvement

Growth in restaurants and snacks drives rise at PepsiCo

By Tony Jackson

Strong growth in restaurants and international snacks helped PepsiCo to a 20 per cent increase in earnings for the second quarter, to \$658m or 86 cents a share.

NEWS DIGEST

Placer Dome hit by \$40m provision

Placer Dome, the Vancouver-based metals producer, slipped to a second-quarter loss as a result of lower molybdenum prices, higher operating costs, and a US\$40m provision to cover an accident at its 40 per cent-owned Marcoopper mine in the Philippines.

MacMillan Bloedel slides 20%

Weak Japanese timber markets, lower log and chip revenues and declining prices for paper and containerboard hit MacMillan Bloedel's second-quarter results.

Vitasoy hurt by recalls

Vitasoy International Holdings, the Hong Kong-based drinks and food manufacturer, yesterday revealed the impact of product problems earlier this year, announcing net profits of HK\$30.6m (US\$4m) for the 12 months to the end of March.

News Corp files Fairfax notice

Mr Rupert Murdoch's News Corporation yesterday filed a public notice saying it was no longer a substantial shareholder in John Fairfax, the Australian newspaper publisher.

Colonial Mutual listing date

Colonial Mutual, the Australian-based life insurer which has a large number of policyholders in the UK and New Zealand, yesterday indicated it planned to list on the stock market in the second quarter of 1997.

Drug launch boosts Elan Corp

Elan Corporation, the Irish-based drug delivery company, reported a 51 per cent increase in pre-tax profits, from \$18.7m to \$28.2m, in the first quarter to June 30.

Teck edges ahead to C\$20m

Teck, the Canadian mining and metals holding company that controls Cominco, posted second-quarter earnings of C\$20m, or 20 cents a share, up from C\$18m, or 20 cents, on fewer shares outstanding a year earlier.

PanCanadian Petroleum record

PanCanadian Petroleum, Canadian Pacific's main profit contributor, enjoyed record first-half production of oil and gas. Net earnings were C\$182m, or C\$1.21 a share, up 7 per cent from C\$162m, or C\$1.14, on revenues of C\$1.3bn against C\$813m, up 68 per cent.

The Financial Times plans to publish a Survey on Mexico on Monday, September 23. The survey will look at the country's economy, politics, financial markets, foreign policy and more.

JCI Limited. (Registration number 66/0888/06). All companies mentioned are incorporated in the Republic of South Africa. GROUP GOLD MINING COMPANIES. Summary of reports: quarter ended 30 June 1996.

Western Areas. Western Areas Gold Mining Company Limited. Registration number 5/10222/06. Summary of reports: quarter ended 30 June 1996.

H. J. Joel. H. J. Joel Gold Mining Company Limited. Registration number 35/01196/54. Summary of reports: quarter ended 30 June 1996.

BankSA contribution helps earnings at Advance Bank

By Nikid Tait in Sydney

Advance Bank, which became Australia's fifth largest commercial bank when it acquired the former state government-owned Bank of South Australia for A\$730m (US\$577m) last year, has posted an after-tax profit of A\$122.7m for the year to end-May.

The result incorporates an 11-month contribution from the BankSA business, during which period Advance said the acquired assets made around A\$71.4m. In the previous financial year, Advance made a profit of A\$119.7m.

months. The total charge for bad and doubtful debts was also higher at A\$14.7m against A\$3.47m, and there was a A\$3.8m restructuring expense, up from A\$2.41m in the previous year.

The group warned that its average interest margin had fallen last year - from 3.33 per cent to 3.23 per cent - and that competition had intensified since the end of May.

Saks in talks on Barney's

By Lisa Branstetter in New York

Saks Holdings, parent company of Saks Fifth Avenue, said yesterday it was negotiating to take control of Barney's, the New York-based department store that filed for bankruptcy in January amid an acrimonious dispute with its Japanese partner, the Isetan retailing group.

allows Saks to concentrate on its target market but broader to also bring in a younger, more contemporary consumer," she said.

Sales surge lifts Nortel 35%

By Bernard Simon in Toronto

A surge in US orders and global wireless equipment sales propelled Northern Telecom to a 35 per cent increase in second-quarter revenues and a 35 per cent jump in earnings.

Revenues advanced 19.5 per cent in the first six months to \$6.61bn. This included a 27 per cent rise in US sales, and a 37 per cent jump in wireless equipment, in which Nortel is a relative newcomer.

Banamex profits up 35% at halfway

By Bernard Simon in Toronto

Banamex, the Mexican bank, saw net profit in the first half of 1996 rise 35 per cent on the comparable period to 1,295m pesos (\$182m), reports AP-DJ from Mexico City.

totalled 1.25bn pesos, 13 per cent lower than the year-earlier period. Banamex said net profit for the second quarter alone was 745m pesos, 47 per cent higher than the first quarter of 1996.

Banamex profits up 35% at halfway

By Bernard Simon in Toronto

reserves, now covering 75 per cent of its past-due portfolio. At the end of March 1996, reserves covered 64 per cent of the past-due portfolio.

profits up from 438m pesos to 558m pesos, reports Benter from Mexico City. First-half operating profit was 860m pesos, compared with 627.9m pesos in the first six months of 1995.

مركزنا للأصل

Bertelsmann, Kirch in TV decoder plan

By Judy Dempsey in Bonn

Bertelsmann and Kirch, the German entertainment and media groups, are close to an agreement to launch a standard decoder for digital television...

was clear he had an advantage over Bertelsmann. He has the technology and marketing in place, and an attractive package of programmes...



Leo Kirch: his group planned to launch its decoder on Sunday

split market finally persuaded all sides to go to the negotiating table. The growing consensus among Bertelsmann, the Kirch group, Canal Plus and Mr Murdoch...

Unions step up pressure on state to back CFF rescue

By Andrew Jack in Paris

Trade unions at Crédit Foncier de France, the troubled specialist property lender, yesterday stepped up political pressure for the state to support a rescue plan...

NEWS DIGEST

Ambroveneto posts sharp rise midway



Banco Ambrosiano Veneto, the Italian bank, announced yesterday that gross operating profit had risen to 1,440bn (\$21m) in the first six months of 1996...

Euro Disney net income falls 14% in third quarter

By Andrew Jack

Euro Disney, the operator of the Paris-based theme park, yesterday reported a 14 per cent drop in third-quarter net income, from FF1.17bn to FF1.14bn (\$22.22m)...

Handelsblatt takes TV news channel stake

By Judy Dempsey

Handelsblatt, the German publishing group specialising in financial and economic publications, yesterday acquired a 26 per cent stake in Germany's n-tv, a 24-hour news channel...

Time Warner held stakes of 33.08 per cent and 30.80 per cent, respectively, in n-tv. Under German law, owners of TV networks are restricted to a 50 per cent stake.

way of a capital increase. The figure was not disclosed. The move by Handelsblatt is likely to sharpen the profile of n-tv, which has been struggling to gain market share...

Repsol shuffles board ahead of privatisation

By Tom Burns in Madrid

Mr Alfonso Cortina, who was last month appointed chairman of Repsol, Spain's leading energy conglomerate, yesterday reshuffled the group's board in preparation for its full privatisation early next year...

La Caixa, the Barcelona-based savings bank which has acquired 3 per cent of Repsol, will have two representatives on the board, one of whom will be Mr José Vilasarau, its chairman.

land Valderrias, the cement group, will be the sole link between the board and Repsol's management. Mr Cortina told the new board the state was likely to withdraw completely from Repsol, either through an IPO or through a block trade disposal...

ness in Latin America last month when it bought a controlling stake in Astra, Argentina's fifth-biggest energy group, and headed a consortium that acquired La Pampilla, Peru's largest refinery. Repsol also has oil drilling interests in Colombia, Mexico and Venezuela.

Advertisement for BNP Emerging Markets Group. Includes text about 'The Arab Investment S.A.A. (TAIC)', 'HSBC Market', and 'Dikim Investment Advisers'. Features a large stylized logo and the BNP logo at the bottom.

Euromerchant acquires 95% of Interbank

By Karin Hope in Athens

Euromerchant Bank, the private bank controlled by the Letsis shipping group, has acquired a 95 per cent stake in another private Greek bank owned by Banque Worms of France...

for Interbank. It stepped in after negotiations fell through between Banque Worms and HSBC, which planned to use Midland Bank's branch in Athens as a vehicle for the acquisition.

French insurance group, will retain a 5 per cent stake. Euromerchant executives would not put a price on the deal, announced yesterday, but local analysts said Letsis paid about Dr17bn for Interbank.

lending and other retail products and developing a branch network. He said the two banks would continue to operate separately for the moment but would coordinate lending and other activities.

Gas pipeline from Algeria on schedule

By Peter Wise in Lisbon

A \$300bn (\$2.7bn) project to supply Portugal and Spain with natural gas through a pipeline from Algeria is to be completed this year on schedule and under budget. Transgás, the Portuguese natural gas operator due to be privatised in 1997, says that the 2,600km high-pressure pipeline will be completed in November...

Portugal's socialist government plans to begin privatising Transgás in the second half of 1997, after the natural gas network is fully operational and firm sales trends can be established. Portuguese officials favour the acquisition of a holding in Transgás by Sonatrach, Algeria's state-owned oil and gas company.

Jungfrauahn to go to market

Switzerland's top tourist attraction is to be floated on the stock market. The Jungfrauahn, which runs the 100-year-old railway up one of Switzerland's highest mountains, is planning to sell 25 per cent of its equity in a public offering.

Pro 7 set for float

Pro 7, Germany's commercial television channel with close ties to the Kirch group yesterday said it would be ready to trade on the stock exchange next year after entering the pay-television market later this year.

Pro 7 set for float

Pro 7, Germany's commercial television channel with close ties to the Kirch group yesterday said it would be ready to trade on the stock exchange next year after entering the pay-television market later this year.

Pro 7 set for float

Group sales rose 23 per cent, from DML1.9bn to DML4.6bn over the same period, while profits advanced 14 per cent to DML144m. Mr Ruffer said he was confident sales this year would rise to DML1.5bn and pre-tax profits to about DML60m.

Advertisement for RenaissanceRe Holdings Ltd. Includes text: 'RenaissanceRe Holdings Ltd. is pleased to announce the July 24, 1996 listing of its common shares on The New York Stock Exchange. Stock Trading Symbol: RNR. RenaissanceRe Holdings Ltd., through its subsidiaries Renaissance Reinsurance Ltd. and Glencoe Insurance Ltd., is a global provider of reinsurance and insurance.' Features the RenaissanceRe logo.

Stagecoach will bid for all rail franchises

By Geoff Dyer

Stagecoach, the acquisitive transport group, said yesterday it intended to bid for all 12 rail passenger franchises still to be offered as it revealed annual profits at the top end of expectations.

The Perth-based group also said bus company acquisitions in the UK were becoming expensive, which would limit its appetite for further takeovers.

However Mr Brian Souter, chairman, said there were substantial acquisition possibilities in continental Europe. The group is a strong candidate to buy Swedbus, the Scandinavian operator owned by Swedish Railways.

"There will be no shortage of opportunities for us to invest over the next few years," said Mr Souter.

In the year to April 30, Stagecoach increased annual pre-tax profits by 24 per cent to £43.2m (£68.01m), despite a £5.2m restructuring charge related largely to acquisitions. The shares, which have

nearly doubled in the last year, rose 5p to 439p on the back of a 40 per cent rise in operating profits to £55.9m on turnover 48 per cent higher at £501.2m.

Analysts are forecasting pre-tax profits this year of £60m-£65m before exceptional items and earnings per share of 27p.

South West Trains, which the group acquired in December, added £411,000 to operating profits and recorded a 7.5 per cent increase in passenger numbers over the previous year.

The group made 125 staff redundant at South West, which led to a £2.4m charge, and is negotiating further cost reductions with unions.

Stagecoach is already on the shortlist for South Eastern Trains and Cardiff Railways and has set up a team of former managers from South Central to run its bids.

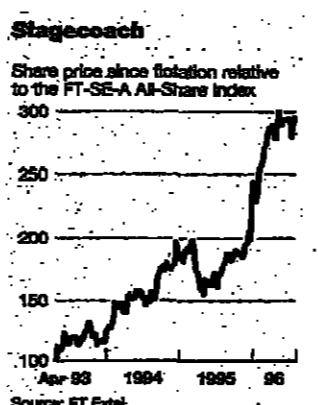
During the year it acquired bus companies in Manchester, Cambridge and Devon with annualised turnover of £90m and which added £2.3m to operating profits.

LEX COMMENT

Stagecoach

Say what you like about Mr Brian Souter, he has done his shareholders proud. But can he keep up the growth? After all, the UK bus market is stagnant; Stagecoach is proud of boosting passenger numbers by a paltry 1 per cent last year. And there is a limit to even Mr Souter's ability to drive out costs and competition: in some regions, margins are slipping. Moreover, with prices looking frothy, he is rightly sceptical about further bus acquisitions in the UK. Fortunately, he can afford to be. For a start, South West Trains should be a formidable engine of future profits growth. By getting in early, Stagecoach won the rail franchise for next to nothing. Yet by 1999 it should be producing pre-tax profits of £22m or so - and probably more, if Stagecoach can beat analysts' cautious cost and revenue forecasts. So far, traffic growth is well ahead of expectations.

Such a remarkable bargain is unlikely to be repeated. But with more than a dozen franchises on offer before the next election, Mr Souter should still be able to pick up one or two more at sensible prices. In any case his ambitions do not stop there: Stagecoach plans to expand elsewhere in Europe as well. Certainly, the continent's bus market looks rich in opportunities for the Souter treatment. All this means lack of opportunity is the wrong worry; a more likely difficulty is managerial oversight. But Mr Souter's £150m stake gives him a powerful incentive to keep the group under control. And the shares are trading at an undemanding rating: 16:1 times next year's earnings. Investors should stick along for the ride.



CU new life and pensions business increases 8.4%

By Motoko Rich

Strong growth in annual premiums and life products underpinned an overall new business increase of 8.4 per cent in the life and pensions operations of Commercial Union, the composite insurer.

Worldwide life and pensions new business increased from £1.26bn to £1.35bn (£2.12bn) in the first six months of 1996. The shares rose 1 1/4 to 590p.

The growth at Commercial Union compared with a 2.1 per cent easing of new business at United Friendly, the life insurer. Overall new business decreased from £10.83m to £10.6m.

New annual premiums at Commercial Union jumped 30 per cent to £131m, while new single premium increased by 10 per cent to £1.23bn.

Sales of CU's investment products increased four-fold from £40m to £165m.

On a geographical basis, single premium growth was strongest in the Netherlands, where sales of new single premium products rose 31 per cent to £96m. Sales of new single premiums in the UK eased 9 per cent to £151m.

Mr Robbie Graham, group actuary, said this was due to the timing of a promotion on the group's Classic Investment Bond, a single premium product. The promotion fell entirely in the first half last year while the group did not begin the campaign this year until the second quarter.

He added that customers were substituting Personal Equity Plans and other investment products for single premium annuity policies. Sales of

UK investment products surged nearly nine-fold to £125m.

Commercial Union's annual premium growth was strongest in Poland, where annual premiums more than doubled to £22m. Annual premium sales in France dropped 23 per cent to £20m largely because a tax change in 1995 had caused unusually strong sales in 1995.

At United Friendly, sales of single premium business improved by 17 per cent to £12m (£10.3m). New ordinary branch annual premiums were slightly lower at £9.4m (£9.8m).

The group said the introduction of a new organisational structure for its Home Service distribution and new technology to enhance the efficiency of the cash collection process had caused some short term disruption to sales.

Biomedix hopeful on licence

By Simon Kuper

KS Biomedix, the biotechnology company, said yesterday it hoped to start licensing aspects of its sheep monoclonal antibody technology to large drug companies within the next year.

The technology, developed by Mr Kim Yan, the company's founder and managing director, is designed to produce sheep antibodies to treat cancers. KS hopes companies will license aspects of the technology to deliver their drugs into the body.

The company yesterday also announced pre-tax losses of £218,163 (£59,088 profits) for the year to May 31.

It had net cash of £3.58m at the year end, after its January A1m placing and open offer.

Company	Turnover (£m)	Pre-tax profit (£m)		EPS (p)	Current payment (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total last year
		1995	1996						
Barbour Index	12 (11.8)	2.25 (2.02)	8.6 (8.1)	6.5	Oct 1	6.15	9.5	9	
Brixton Estate	37.82 (36.92)	3.72 (16.3)	5.57 (5.24)	3.15	Dec 4	3.05	-	8.7	
CS Electronic	22.9 (2.2)	0.21 (0.25)	0.21 (0.25)	-	-	-	-	-	
James Enterprise	3.88 (3.9)	1.38 (1.02)	5.3 (4.9)	1.5	Aug 30	1.5	-	4	
Manxair	12.6 (18.8)	0.104 (2.83)	0.15 (6.53)	nil	-	nil	nil	nil	
M&G	161.1 (125.2)	8.3 (4.57)	16.21 (12.2)	2.2	Oct 1	1.7	4	3	
Petrocell	0.59 (0.59)	0.01 (0.01)	0.5 (0.5)	0.5	Oct 8	2.35	3.72	2.62	
Refined	313.8 (237.5)	3.59 (3.2)	9.1 (8.08)	2.55	Oct 8	2.2	0.7	2.1	
SI Warehouse	16.4 (15)	4.72 (4.32)	2.5 (2.5)	0.8	Sept 12	0.7	-	14.25	
Southdown	3.798 (3.358)	7.29 (1.773)	17.8 (26.1)	4.4	Oct 15	3.2	-	-	
Six Country Homes	-	0.021 (0.014)	0.19 (0.19)	0.19	Oct 15	1.68	0.88	2.52	
Southland Property	25 (18.2)	6.88 (2.9)	9.51 (1)	0.1	Oct 17	3.65	6.7	5.3	
Stagecoach	501.2 (537.2)	43.84 (26.6)	20.31 (16)	4.6	Oct 17	3.65	6.7	5.3	
Unilever	0.982 (0.906)	0.13 (0.15)	1.1 (1.3)	-	-	-	-	-	
Westchester Hotel	3.06 (0.248)	1.9 (0.358)	18.71 (4.5)	9.4	Oct 16	6.47	12.8	11.7	
Wholesale Fittings	97.5 (80.9)	5.03 (3.51)	23.68 (16.01)	-	-	-	-	-	

BRIXTON ESTATE plc

INTERIM RESULTS 1996

	Six months to 30 June	Year to 31 Dec
1995	1995	1995
£m	£m	£m
Net Rental Income	37.7 36.9	75.8
Investment Profit	16.9 16.3	33.4
Earnings per share	5.41p 5.23p	10.83p

- 2.1% increase in net rental income.
- 3.7% increase in investment profit.
- Interim Dividend 3.15p per share - up 3.3%.
- £70 million of property disposals in UK, Australia and USA.
- Over 350,000 sq. ft. of space let and terms agreed on a further 65,000 sq. ft.

A copy of the full interim report, which has been sent to all shareholders, may be obtained from The Secretary, 22-24 Ely Place, London EC1N 6TG.

CORRECTION NOTICE

In the advertisement published on 22nd July, the Oslo telephone number should have appeared as follows:

EUROFIN INTERNATIONAL
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INTERNATIONAL CAPITAL MARKETS

Gilts stable in spite of conflicting data

By Samar Iskander in London and Lisa Brankman in New York
European markets were quiet yesterday, with most bonds trading in narrow ranges...

4.81 times and the tail - the difference between the average and the lowest accepted bids - came out at only 4. However, said Mr Roberts, the auction results looked better on paper than in reality.

pressures - a bullish factor. Indeed, the CBI revealed that domestic prices had fallen in the last four months. Mr Roberts added that gilts' current weakness presented a good switching opportunity out of German bunds. He believes...

rates by 75 basis points to 8.25 and 9.75 per cent, respectively. The move failed to affect the cash market but the September BTP future jumped by almost 0.40 points on AP1, Liffe's after-hours trading system, to a high of 117.65, from its closing level of 117.27.

Activity was quiet in advance of the afternoon auction of \$18.75bn in two-year notes. Also weighing on the market was a second round of testimony from Mr Greenspan, set to take place after the results of the auction were announced.

GOVERNMENT BONDS

the 10-year yield spread between the two markets could tighten by up to 10 basis points in the near future, in addition to the pressure of currency gains.

US Treasury prices were flat to modestly lower in early trading yesterday as investors prepared for new supply to come on to the market and awaited testimony from Mr Alan Greenspan, chairman of the Federal Reserve.

Eurobonds in Slovak korunas for IFC, EBRD

By Peter John

The Slovak koruna yesterday joined the growing band of eastern European currencies in which eurobonds are denominated.

Ratings review casts pall over Turkish deals

By Corinne Middelmann

Standard & Poor's recent decision to review Turkey's foreign currency debt ratings for possible downgrade has cast a pall over a series of Turkish transactions that were expected to hit the market this summer.

Shin-Etsu warrants issue raises \$500m

By Peter John and Corinne Middelmann

A sprinkling of medium-sized issues was dominated by a large offering of warrants from one of Japan's leading chemical companies yesterday. Shin-Etsu, one of

\$160m into its plant in Scotland - and the cash raised will be used for capital investment.

New international bond issues

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Spread, Book-runner. Includes entries for Shell Chemical Co, Inco, and various international banks.

Other Fixed Interest

Table listing various fixed interest securities, their yields, and prices.

WORLD BOND PRICES

Table showing benchmark government bond prices and yields for various countries like Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK, and US Treasury.

FT-Actuaries Fixed Interest Indices

Table showing FT-actuarial fixed interest indices for different durations and risk profiles.

INTERNATIONAL BONDS

only three producers in Europe of the silicon wafers needed for semiconductors, raised \$500m through the four-year deal.

bar amount on behalf of Lloyds Bank. The transaction highlights the growing efforts by UK banks to optimise their capital structure.

Lloyds Bank is likely to issue the new bonds soon after the meeting, arranger Lehman Brothers said.

SYNDICATED LOANS

full brunt of the reaction. The loan, which had been increased to \$150m from \$100m due to strong interest in the co-arranger phase, is now in general syndication, and while the leading banks say it is progressing smoothly, others say it may struggle to get placed.

US INTEREST RATES

Table showing US Treasury bill and bond yields for various maturities.

UK Gilts Prices

Table showing UK government bond yields and prices for different durations.

FT Fixed Interest Indices

Table showing FT fixed interest indices for various asset classes and durations.

FT/ISMA International Bond Service

Table providing international bond service data, including prices and yields for various foreign bonds.

BOND FUTURES AND OPTIONS

Table showing bond futures and options data for various markets and maturities.

FT Actuarial Fixed Interest Indices

Table showing FT actuarial fixed interest indices with detailed breakdown of components.

FT Fixed Interest Indices

Table showing FT fixed interest indices for different asset classes and durations.

FT/ISMA International Bond Service

Table showing FT/ISMA international bond service data with detailed market information.

UK Gilts Prices

Table showing UK government bond yields and prices for various maturities.

Other Fixed Interest

Table listing other fixed interest securities and their market data.

FT Actuarial Fixed Interest Indices

Table showing FT actuarial fixed interest indices with detailed market metrics.

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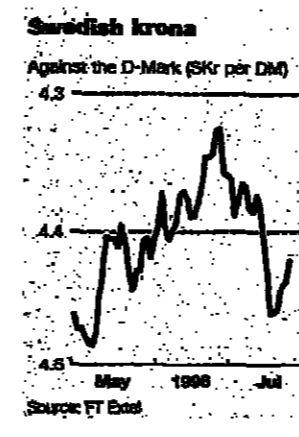
MARKETS REPORT

Dollar rallies ahead of Greenspan testimony

By Philip Gawthorn
The dollar yesterday rallied on the foreign exchanges as expectations of a near term rise in Japanese interest rates receded.

after earlier finishing at 1.0116 in London. The firmer dollar helped sterling, with the trade-weighted index rising to finish at 84.9 after starting at 84.5. It closed at DM2.0104 and \$1.5401, from DM2.3035 and \$1.5492. Sterling was also helped by a strong CBI Industrial trends survey, and a successful gilt auction.

The South African rand showed further signs of weakness, falling to a close of R4.4310 against the dollar from R4.3918. The Reserve Bank confirmed that it supported the rand. Selling was triggered by news showing the extent to which the Reserve Bank's forward dollar exposure had grown since the slide in the currency started in February. Investor sentiment was also aggravated by aggressive criticism of the government's economic policy from the country's main trade union group.



They are hiding behind the smokescreen of ERM entry." The tone for the dollar was set by the BOJ report. Analysts expressed some surprise at the extent of speculative short dollar positions in the interbank market. Mr Ray Astrill, analyst at CAAI in London, said part of the market had gone into the report obviously expecting it to serve as final confirmation that Japanese rates would rise. In fact it "caused a little more self-doubt to creep into the market."

Some observers were concerned that Mr Greenspan might strike a hawkish note in the second round of his biennial Humphrey Hawkins testimony. They reason that he might want to offset the market's surprisingly bullish interpretation of his testimony last week. Dollar sentiment was also helped by comments from senior Bundesbank officials which appeared to provide some support to those who expect a trimming of the German repo rate later this week.

WORLD INTEREST RATES

Table with columns: Country, Term, Rate, Basis, etc. Includes rows for Belgium, France, Germany, etc.

Table with columns: Country, Term, Rate, Basis, etc. Includes rows for Euro area, US, UK, etc.

Table with columns: Country, Term, Rate, Basis, etc. Includes rows for Japan, UK, etc.

POUND SPOT FORWARD AGAINST THE POUND

Table showing exchange rates for various countries against the pound, including Australia, Belgium, Denmark, etc.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table showing exchange rates for various countries against the dollar, including Australia, Belgium, Denmark, etc.

CROSS RATES AND DERIVATIVES

Table showing cross rates and derivatives for various countries, including Belgium, Denmark, Germany, etc.

NOTICE OF EARLY REDEMPTION

To the Holders of TURKIYE CUMHURİYETİ (THE REPUBLIC OF TURKEY) (the "Republic") US\$200,000,000 104 per cent. Bonds due 1999 (the "Notes")

UK INTEREST RATES

Table showing UK interest rates for various terms, including 6-month, 12-month, etc.

NOTICE OF EARLY REDEMPTION

Department of Posts and Telecommunications, Pretoria, Republic of South Africa. ECU 40,000,000 Retractable Bonds due October 4, 1996

BASE LENDING RATES

Table showing base lending rates for various banks, including Adams & Company, Allied Trust Bank, etc.

NOTICE OF EARLY REDEMPTION

Department of Posts and Telecommunications, Pretoria, Republic of South Africa. ECU 40,000,000 Retractable Bonds due October 4, 1996

APPOINTMENTS ADVERTISING

Advertisement for Birmingham Midshires Banking Society, offering various services and appointments.

Things review... its pall over... Turkish deals

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Department of Posts and Telecommunications advertisement.

Public Speaking advertisement.

COMMODITIES AND AGRICULTURE

JCI raises the stakes on round-the-clock mining

By Mark Ashurst in Johannesburg

JCI the mining house, yesterday raised the stakes in talks aimed at introducing round-the-clock operations at South African gold mines by announcing plans to invest R505m (\$186.50m) over eight years at its Randfontein Estates gold mine.

while the project is held in abeyance. JCI said production losses had been "a critical concern in the June quarter". Measures to improve productivity, including full calendar working, had "proved difficult to negotiate" but were being reviewed at national level by an industry-wide forum.

income from gold of R12.4m, compared to losses of R179.3m in the previous quarter. The mine netted a further R3.3m from interest on the proceeds of a rights issue earlier this year. No dividend was declared for the year.

Cuban sugar's foreign sweetener

European finance lifts an industry starved of capital for four years

By Pascal Fletcher in Havana

Cuba, encouraged by an improved 1995/96 sugar harvest, which came close to the official target of 4.5m tonnes, is counting on renewed foreign financing to help lift its sugar output even higher next year - in spite of the threat posed by hostile US legislation that is aimed at tightening the way foreign investment on the island.



Raising cane: Taking in the sugar harvest near Holguin in Cuba

Cuba by deterring foreign investment has raised some questions about just how easily Cuba will now be able to secure the financing it needs to keep on funding the recovery in sugar, the traditional mainstay of the economy.

The Helms-Burton Law threatens US sanctions against foreign firms judged to be "trafficking" in expropriated assets in Cuba claimed by US citizens, including former Cuban nationals. Sugar mills are among such assets.

Some other foreign banks and companies involved in sugar harvesting were also taking protective measures to reorganise their operations in Cuba, Mr Lage said.

Additional loans outside this scheme had brought the total financing for the 1996/96 sugar campaign to \$300m, according to Cuban officials. Mr Lage said the government had so far managed to increase the amount of financing contracted for the 1996/97 harvest.

Computer rebirth of the kiwifruit

By Terry Hall in Wellington

Overseas customers seem to be making the most of their last chance to sample traditionally branded New Zealand kiwifruit - next season it will bear a new trademark, Zespri.

markets. Mr Robin Mills, the new chief executive of the Kiwifruit Marketing Board, said that, a third of the way through the season, international sales were going well in all markets and were well ahead of the same time last year.

seem in all markets, to keep prices at fair levels, and to cope with the strength of the New Zealand dollar. Sales had made a good start in Europe and prices were ahead of forecast. Sales were being hit by heavy competition from fresh season's summer fruits which were flooding markets, as well as from Chile, which was selling its fruit at up to 50 per cent less than New Zealand. "However sales are on target."

The Canadian market was benefiting from strong promotion. The US market was still constrained by the quota arrangements which followed the dumping problems of five years ago. In Japan, New Zealand kiwifruit's most important market, the product was being less competition from Chile this year, and sales were ahead of budget in both volume and price.

COMMODITIES PRICES

BASE METALS

Table with columns for metal types (Aluminum, Copper, Lead, Nickel, Zinc) and their prices in various units.

Precious Metals continued

Table for Gold COMEX, Platinum NYMEX, Palladium NYMEX, Silver COMEX.

GRAINS AND OIL SEEDS

Table for Wheat, Soybeans, Corn, Barley, Soybean Meal, Soybean Oil.

SOFTS

Table for Cocoa, Coffee, Orange Juice, Sugar.

MEAT AND LIVESTOCK

Table for Live Cattle, Live Hogs, Pork Bellies, Pork Chops.

ENERGY

Table for Crude Oil NYMEX, Crude Oil IPE, Heating Oil NYMEX, Natural Gas NYMEX, Natural Gas IPE.

PRECIOUS METALS

Table for London Bullion Market prices for Gold, Silver, Platinum, Palladium.

FUTURE DATA

Table listing future contract data for various commodities.

VOLUME DATA

Table showing volume data for various commodities.

INDICES

Table showing various market indices.

JOTTER PAD

FT BOOKSHOP advertisement with contact information for ordering books.

CROSSWORD

Crossword puzzle grid and clues for the crossword.

ACROSS and DOWN crossword clues with solutions provided at the bottom.

Offshore Funds and Insurances

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 177) 873 473 for more details.

FT MANAGED FUNDS SERVICE

Main table containing fund names, descriptions, and prices. Includes sections for Luxembourg (REGULATED), Offshore Funds, and Insurances.

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FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cyteline Unit Trust Prices are available over the telephone. Call the FT Cyteline Help Desk on (444 177) 873 4378 for more details.

Main table containing fund names, prices, and performance metrics. Includes columns for Fund Name, Price, and various performance indicators.

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OTHER OFFSHORE FUNDS

Table listing various offshore funds and their details.

MANAGED FUNDS NOTES: Please refer to the notes on pages 24 and 25 of this issue for more information. The fund manager's liability is limited to the amount of the fund's assets.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company names and share prices.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector with columns for company names and share prices.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector with columns for company names and share prices.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Restaurants sector with columns for company names and share prices.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector with columns for company names and share prices.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Materials & Merchants sector with columns for company names and share prices.

CHEMICALS

Table listing companies in the Chemicals sector with columns for company names and share prices.

CHEMICALS - Cont.

Continuation of Chemicals sector table.

DISTRIBUTORS

Table listing companies in the Distributors sector with columns for company names and share prices.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector with columns for company names and share prices.

ELECTRICITY

Table listing companies in the Electricity sector with columns for company names and share prices.

ENGINEERING

Table listing companies in the Engineering sector with columns for company names and share prices.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company names and share prices.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company names and share prices.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company names and share prices.

HOUSEHOLD GOODS - Cont.

Continuation of Household Goods sector table.

INSURANCE

Table listing companies in the Insurance sector with columns for company names and share prices.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company names and share prices.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts sector table.

INVESTMENT TRUSTS SPLIT CAPITAL

Table listing split capital investment trusts with columns for company names and share prices.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of Electronic & Electrical Equipment sector table.

ENGINEERING

Table listing companies in the Engineering sector with columns for company names and share prices.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company names and share prices.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of Extractive Industries sector table.

HOUSEHOLD GOODS - Cont.

Continuation of Household Goods sector table.

INSURANCE

Table listing companies in the Insurance sector with columns for company names and share prices.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company names and share prices.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts sector table.

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ENGINEERING - Cont.

Continuation of Engineering sector table.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company names and share prices.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company names and share prices.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company names and share prices.

HOUSEHOLD GOODS - Cont.

Continuation of Household Goods sector table.

INSURANCE

Table listing companies in the Insurance sector with columns for company names and share prices.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company names and share prices.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts sector table.

FOOD PRODUCERS - Cont.

Continuation of Food Producers sector table.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector with columns for company names and share prices.

HEALTH CARE

Table listing companies in the Health Care sector with columns for company names and share prices.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company names and share prices.

HOUSEHOLD GOODS - Cont.

Continuation of Household Goods sector table.

INSURANCE

Table listing companies in the Insurance sector with columns for company names and share prices.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company names and share prices.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts sector table.

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INV TRUSTS SPLIT CAPITAL - Cont.

Table with columns for company names, share prices, and other financial data under the heading 'INV TRUSTS SPLIT CAPITAL - Cont.'

OTHER INVESTMENT TRUSTS

Table with columns for company names, share prices, and other financial data under the heading 'OTHER INVESTMENT TRUSTS'

INVESTMENT COMPANIES

Table with columns for company names, share prices, and other financial data under the heading 'INVESTMENT COMPANIES'

LEISURE & HOTELS

Table with columns for company names, share prices, and other financial data under the heading 'LEISURE & HOTELS'

LEISURE & HOTELS - Cont.

Table with columns for company names, share prices, and other financial data under the heading 'LEISURE & HOTELS - Cont.'

LIFE ASSURANCE

Table with columns for company names, share prices, and other financial data under the heading 'LIFE ASSURANCE'

MEDIA

Table with columns for company names, share prices, and other financial data under the heading 'MEDIA'

OTHER FINANCIAL - Cont.

Table with columns for company names, share prices, and other financial data under the heading 'OTHER FINANCIAL - Cont.'

PAPER, PACKAGING & PRINTING

Table with columns for company names, share prices, and other financial data under the heading 'PAPER, PACKAGING & PRINTING'

PHARMACEUTICALS

Table with columns for company names, share prices, and other financial data under the heading 'PHARMACEUTICALS'

PROPERTY

Table with columns for company names, share prices, and other financial data under the heading 'PROPERTY'

PROPERTY - Cont.

Table with columns for company names, share prices, and other financial data under the heading 'PROPERTY - Cont.'

RETAILERS, FOOD

Table with columns for company names, share prices, and other financial data under the heading 'RETAILERS, FOOD'

RETAILERS, GENERAL

Table with columns for company names, share prices, and other financial data under the heading 'RETAILERS, GENERAL'

SUPPORT SERVICES - Cont.

Table with columns for company names, share prices, and other financial data under the heading 'SUPPORT SERVICES - Cont.'

TELECOMMUNICATIONS

Table with columns for company names, share prices, and other financial data under the heading 'TELECOMMUNICATIONS'

TEXTILES & APPAREL

Table with columns for company names, share prices, and other financial data under the heading 'TEXTILES & APPAREL'

AMM - Cont.

Table with columns for company names, share prices, and other financial data under the heading 'AMM - Cont.'

AMERICANS

Table with columns for company names, share prices, and other financial data under the heading 'AMERICANS'

CANADIANS

Table with columns for company names, share prices, and other financial data under the heading 'CANADIANS'

SOUTH AFRICANS

Table with columns for company names, share prices, and other financial data under the heading 'SOUTH AFRICANS'

GUIDE TO LONDON SHARE SERVICE

Price for the London Share Service delivered by FT Ltd, a member of the Financial Times Group. Company information is based on data sent to the FT SE Address...

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PROPERTY - Cont.

Table with columns for company names, share prices, and other financial data under the heading 'PROPERTY - Cont.'

RETAILERS, GENERAL - Cont.

Table with columns for company names, share prices, and other financial data under the heading 'RETAILERS, GENERAL - Cont.'

SUPPORT SERVICES

Table with columns for company names, share prices, and other financial data under the heading 'SUPPORT SERVICES'

WATER

Table with columns for company names, share prices, and other financial data under the heading 'WATER'

AMM

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Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

Table of world stock markets including Europe (Austria, Germany, France, Italy, Spain, UK), Asia (Japan, Korea, Taiwan, Hong Kong, Singapore), and other regions like Oceania and Africa.

Advertisement for Rockwell: 'In the world of automotive component systems, Rockwell is world class'. Includes Rockwell logo.

Continuation of stock market data for Europe and Asia.

Continuation of stock market data for Asia and other regions.

Table of stock market indices for various countries including Argentina, Australia, Canada, France, Germany, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, South Africa, South Korea, Taiwan, Thailand, UK, and USA.

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FINANCE: UK forecasts
It boosts Glas
rest overseas

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AFRICA

Table of stock market data for Africa, including South Africa, Egypt, and other regional markets.

NORTH AMERICA

Table of stock market data for North America, including Canada and the USA.

US INDICES

Table of US stock market indices including Dow Jones, S&P 500, and other major indices.

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock name, price, and change. Includes sub-sections for 'NEW YORK STOCK EXCHANGE PRICES', 'AMERICAN STOCK EXCHANGE PRICES', and 'NATIONAL STOCK EXCHANGE PRICES'.

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Continued on next page

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NYSE PRICES

Table of NYSE stock prices with columns for stock name, price, and change. Includes sub-sections for -V-, -W-, -X-, -Y-, -Z-, and -U-.

NASDAQ NATIONAL MARKET

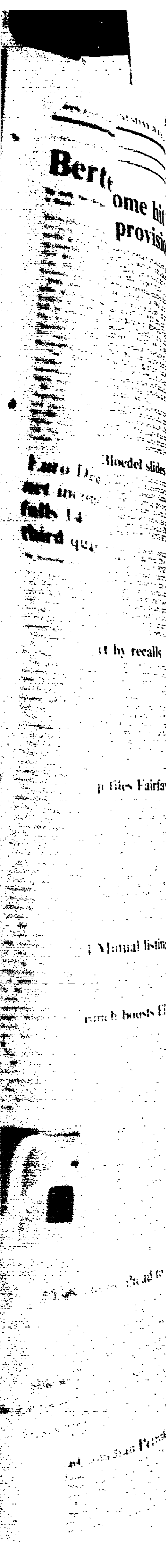
Table of NASDAQ National Market stock prices with columns for stock name, price, and change. Includes sub-sections for -L-, -R-, -S-, -M-, -F-, -G-, -H-, -I-, -J-, -K-, -L-, -M-, -N-, -O-, -P-, -Q-, -R-, -S-, -T-, -U-, -V-, -W-, -X-, -Y-, -Z-, and -AA-.

4 pm close July 23

AMEX PRICES

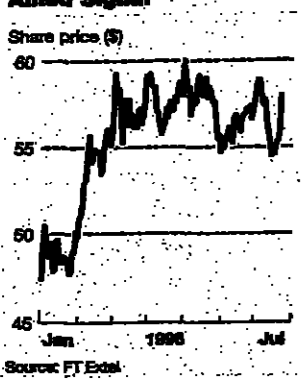
Table of AMEX stock prices with columns for stock name, price, and change.

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AMERICA Dow stable but techs slide continues

Technology stocks, which had soared in recent months as investors bet on enormous growth in emerging technologies, were also weaker. Omega tumbled 3 1/2% to 17 1/2%.



US share prices were mixed in midweek trade as technology shares continued to tumble, while other sectors were flat or modestly stronger.

Mexico City edges ahead

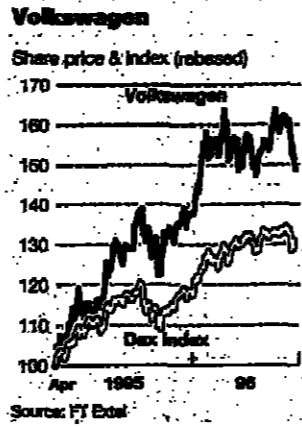
Mexico City edged higher at midsession, as investors looked forward to a decline in primary interest rates at the Cetes auction later in the day.

S Africa industrials mixed

Johannesburg ended mixed. Industrial stocks staged a considerable flightback after a sharp opening drop as investors became spooked by opening steep losses in the rand and bond markets.

EUROPE Hopes and fears move Frankfurt stocks, sectors

Apart from the Dow's weight on the broad market seasaw, hopes and fears moved stocks and sectors in FRANKFURT, with banks up ahead of the impending quarterly earnings season.

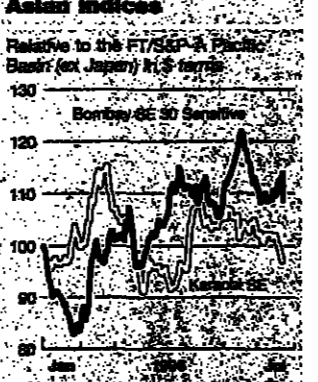


Among banks, where Deutsche Bank rose DM1.01 to DM74.25 and Bayernrigo by 69 pct to DM42.

Outside the Dax 30, there was concern when KHD, the engineering group bailed out by its creditors in June, made a second postponement of its annual general meeting.

ASIA PACIFIC Bombay tumbles 3.8% as budget imposes new taxes

A reconsideration of Monday's budget left BOMBAY 3.8 per cent down as it became clear that the measures would impose new taxes on industry, but give only token relief.



Car stocks, sold heavily by overseas investors over the past few weeks, rebounded. Toyota Motor gained Y20 to Y2,490 and Honda Motor Y10 to Y2,540.

FT-SE Actuaries Share Indices

Table with columns for FT-SE Actuaries Share Indices, including indices for Europe, Asia, and Americas.

Financials, by contrast, remained under pressure, but with a SFR4 fall in UBS to SFR1.211 attributed to program-linked selling.

THE EUROPEAN SERIES

Table with columns for THE EUROPEAN SERIES, including indices for Europe, Asia, and Americas.

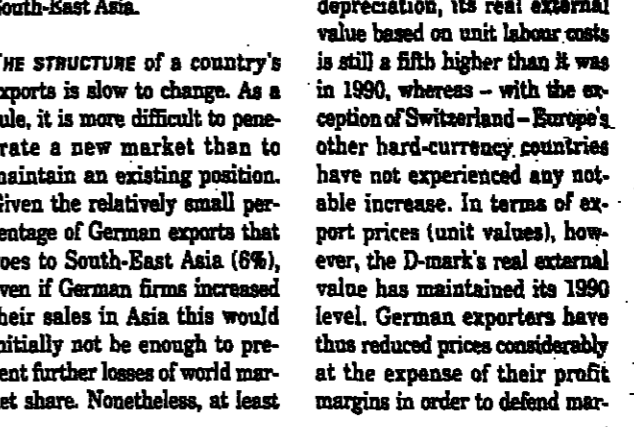
continued concerns about government proposals which could sharply reduce its revenues. The shares, which were floated at L7,000 and began trading on the bourse on Monday last week, peaked at L7,745 last Thursday.

VIEWPOINT Commerzbank's focus on German and European economic issues

THE STRUCTURE of a country's exports is slow to change. As a rule, it is more difficult to penetrate a new market than to maintain an existing position.

Germany's exports strong, but market share shrinking

Since the start of the 1990's, there has been a decline in Germany's share of world export markets. This is frequently taken as evidence of German industry's structural weaknesses.



FT/S&P ACTUARIES WORLD INDICES

Large table containing FT/S&P Actuaries World Indices, listing various international markets and their performance metrics.

Advertisement for Commerzbank, featuring the text 'German know-how in global finance' and 'COMMERZBANK' logo.

